

## SUBCHAPTER B—BUREAU OF THE PUBLIC DEBT

### PART 306—GENERAL REGULATIONS GOVERNING U.S. SECURITIES

#### Subpart A—General Information

Sec.

- 306.0 Applicability of regulations.
- 306.1 Official agencies.
- 306.2 Definitions of words and terms as used in these regulations.
- 306.3 Transportation charges and risks in the shipment of securities.

#### Subpart B—Registration

- 306.10 General.
- 306.11 Forms of registration for transferable securities.
- 306.12 Errors in registration.
- 306.13 Nontransferable securities.

#### Subpart C—Transfers, Exchanges and Reissues

- 306.15 Transfers and exchanges of securities—closed periods.
- 306.16 Exchanges of registered securities.
- 306.17 Exchanges of registered securities for coupon securities.
- 306.18 Exchanges of coupon securities for registered securities.
- 306.19 Denominational exchanges of coupon securities.
- 306.20 Reissue of registered transferable securities.
- 306.21 Reissue of nontransferable securities.
- 306.22 Exchange of Treasury Bonds, Investment Series B—1975–80.
- 306.23 Securities eligible to be held in the TREASURY DIRECT Book-entry Securities System.
- 306.24 Collection of fees on definitive securities.

#### Subpart D—Redemption or Payment

- 306.25 Presentation and surrender.
- 306.26 Redemption of registered securities at maturity, upon prior call, or for prerefunding or advance refunding.
- 306.27 Redemption of bearer securities at maturity, upon prior call, or for advance refunding or prerefunding.

#### Subpart E—Interest

- 306.35 Computation of interest.
- 306.36 Termination of interest.
- 306.37 Interest on registered securities.
- 306.38 Interest on bearer securities.

APPENDIX TO SUBPART E TO PART 306—INTEREST—COMPUTATION OF INTEREST ON TREASURY BONDS, TREASURY NOTES, AND

TREASURY CERTIFICATES OF INDEBTEDNESS, AND COMPUTATION OF DISCOUNT ON TREASURY BILLS—INTEREST TABLES

#### Subpart F—Assignments of Registered Securities—General

- 306.40 Execution of assignments.
- 306.41 Form of assignment.
- 306.42 Alterations and erasures.
- 306.43 Voidance of assignments.
- 306.44 Discrepancies in names.
- 306.45 Certifying individuals.

#### Subpart G—Assignments by or in Behalf of Individuals

- 306.55 Signatures, minor errors and change of name.
- 306.56 Assignment of securities registered in the names of or assigned to two or more persons.
- 306.57 Minors and incompetents.
- 306.58 Nontransferable securities.

#### Subpart H—Assignments in Behalf of Estates of Deceased Owners

- 306.65 Special provisions applicable to small amounts of securities, interest checks or redemption checks.
- 306.66 Estates—administration.
- 306.67 Estates not administered.
- 306.68 Nontransferable securities.

#### Subpart I—Assignments by or in Behalf of Trustees and Similar Fiduciaries

- 306.75 Individual fiduciaries.
- 306.76 Fiduciaries acting as a unit.
- 306.77 Corepresentatives and fiduciaries.
- 306.78 Nontransferable securities.

#### Subpart J—Assignments in Behalf of Private or Public Organizations

- 306.85 Private corporations and unincorporated associations (including nominees).
- 306.86 Change of name and succession of private organizations.
- 306.87 Partnerships (including nominee partnerships).
- 306.88 Political entities and public corporations.
- 306.89 Public officers.
- 306.90 Nontransferable securities.

#### Subpart K—Attorneys in Fact

- 306.95 Attorneys in fact.
- 306.96 Nontransferable securities.

## § 306.0

## 31 CFR Ch. II (7–1–02 Edition)

### Subpart L—Transfer Through Judicial Proceedings

- 306.100 Transferable securities.
- 306.101 Evidence required.
- 306.102 Nontransferable securities.

### Subpart M—Requests for Suspension of Transactions

- 306.105 Requests for suspension of transactions in registered securities.
- 306.106 Requests for suspension of transactions in bearer securities.

### Subpart N—Relief for Loss, Theft, Destruction, Mutilation, or Defacement of Securities

- 306.110 Statutory authority and requirements.
- 306.111 Procedure for applying for relief.
- 306.112 Type of relief granted.
- 306.113 Cases not requiring bonds of indemnity.

### Subpart O—Book-Entry Procedure

- 306.115 Definition of terms.
- 306.116 Scope and effect of book-entry procedure.
- 306.117 Withdrawal of eligible book-entry Treasury securities for conversion to registered form.

### Subpart P—Miscellaneous Provisions

- 306.125 Additional requirements.
- 306.126 Waiver of regulations.
- 306.127 Preservation of existing rights.
- 306.128 Supplements, amendments or revisions.

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SOURCE: 38 FR 7078, Mar. 15, 1973, unless otherwise noted.

### Subpart A—General Information

#### § 306.0 Applicability of regulations.

These regulations apply to all U.S. transferable and nontransferable securities,<sup>1</sup> other than U.S. Savings Bonds and U.S. Savings Notes, to the extent specified in these regulations, the offering circulars or special regulations governing such securities.

<sup>1</sup>These regulations may also be applied to securities issued by certain agencies of the United States and certain Government and Government-sponsored corporations.

#### § 306.1 Official agencies.

The Bureau of the Public Debt of the Department of the Treasury is charged with matters relating to transactions in securities. Correspondence concerning transactions in securities and requests for appropriate forms may be addressed to the Division of Customer Service, Parkersburg, WV 26102.

[64 FR 38125, July 15, 1999]

#### § 306.2 Definitions of words and terms as used in these regulations.

(a) *Advance refunding offer* is an offer to a holder of a security, usually a year or more in advance of its call or maturity date, to exchange it for another security.

(b) A *bearer* security is payable on its face at maturity or call for redemption before maturity in accordance with its terms to *bearer*. The ownership is not recorded. Title to such a security may pass by delivery without endorsement and without notice. A *coupon* security is a bearer security with interest coupons attached.

(c) Bureau refers to the Bureau of the Public Debt, Division of Customer Service, Parkersburg, WV 26102.

(d) *Call date* or *date of call* is the date fixed in the official notice of call published in the FEDERAL REGISTER as the date on which the obligor will make payment of the security before maturity in accordance with its terms.

(e) *Court* means one which has jurisdiction over the parties and the subject matter.

(f) *Department* refers to the Department of the Treasury.

(g) *Depository institution* means an entity described in section 19(b)(1)(A)(i)—(vi) of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)(i)—(vi)). Under section 19(b) of the Federal Reserve Act, the term *depository institution* includes:

(1) Any insured bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(2) Any mutual savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(3) Any savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(4) Any insured credit union as defined in 12 U.S.C. 1752 or any credit union which is eligible to make application to become an insured credit union under 12 U.S.C. 1781;

(5) Any member as defined in 12 U.S.C. 1422; and

(6) Any savings association (as defined in 12 U.S.C. 1813) which is an insured depository institution, as defined in the Federal Deposit Insurance Act, 12 U.S.C. 1811, *et seq.*, or is eligible to apply to become an insured depository institution under such Act.

(h) *Face maturity date* is the payment date specified in the text of a security.

(i) *Incompetent* refers to a person under any legal disability except minority.

(j) *Joint owner* and *joint ownership* refer to any permitted form of ownership by two or more persons.

(k) *Nontransferable securities* are those issued only in registered form which according to their terms are payable only to the registered owners or recognized successors in title to the extent and in the manner provided in the offering circulars or special applicable regulations.

(l) *Payment* and *redemption*, unless otherwise indicated by the context, are used interchangeably for payment at maturity or payment before maturity pursuant to a call for redemption in accordance with the terms of the securities.

(m) *Prerefunding offer* is an offer to a holder of a security, usually within the year preceding its call or maturity date, to exchange it for another security.

(n) *Redemption-exchange* is any authorized redemption of securities for the purpose of applying the proceeds in payment for other securities offered in exchange.

(o) A *registered* security refers to a security the ownership of which is registered on the books of the Department. It is payable at maturity or call for redemption before maturity in accordance with its terms to the person in whose name it is inscribed, or his assignee.

(p) *Securities assigned in blank* or *securities so assigned as to become in effect payable to bearer* refers to registered securities which are assigned by the owner or his authorized representative without designating the assignee. Registered securities assigned simply to *The Secretary of the Treasury* or in the case of Treasury Bonds, Investment Series B—1975–80, to *The Secretary of the Treasury for exchange for the current Series EA or EO Treasury notes* are considered to be so assigned as to become in effect payable to bearer.

(q) *Signature guarantee program* means a signature guarantee program established in response to Rule 17 Ad-15 (17 CFR 240.17Ad-15), issued under authority of the Securities Exchange Act of 1934. For the purpose of the regulations, in this part, the Securities Transfer Agents Medallion Program (STAMP), the Stock Exchanges Medallion Program (SEMP), and the New York Stock Exchange, Inc. Medallion Signature Program (MSP) are recognized by Treasury as such signature guarantee programs.

(r) *Taxpayer identifying number* means the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service, i.e., an individual's social security account number or an employer identification number. A social security account number is composed of nine digits separated by two hyphens, for example, 123-45-6789; an employer identification number is composed of nine digits separated by one hyphen, for example, 12-3456789. The hyphens are an essential part of the numbers and must be included.

(s) *Transferable securities*, which may be in either registered or bearer form, refers to securities which may be sold on the market and transfer of title accomplished by assignment and delivery if in registered form, or by delivery only if in bearer form.

(t) *Treasury securities, Treasury bonds, Treasury notes, Treasury certificates of indebtedness, and Treasury bills*, or simply *securities, bonds, notes, certificates, and bills*, unless otherwise indicated by

### § 306.3

the context, refer only to transferable securities.

[38 FR 7078, Mar. 15, 1973, as amended at 59 FR 59036, Nov. 15, 1994; 64 FR 38125, July 15, 1999]

#### § 306.3 Transportation charges and risks in the shipment of securities.

The following guidelines apply to the transportation of reissued securities or securities presented for authorized transactions:

(a) The securities may be presented in person by the owner or the owner's agent.

(b) If securities are not presented in person, shipment of the securities is at the owner's risk and expense.

(c) Reissued securities will be delivered by certified mail or by other means, at the risk of the registered owner and at the expense of the Department.

[64 FR 38125, July 15, 1999]

## Subpart B—Registration

### § 306.10 General.

The registration used must express the actual ownership of a security and may not include any restriction on the authority of the owner to dispose of it in any manner, except as otherwise specifically provided in these regulations. The Treasury Department reserves the right to treat the registration as conclusive of ownership. Requests for registration should be clear, accurate, and complete, conform with one of the forms set forth in this subpart, and include appropriate taxpayer identifying numbers.<sup>2</sup> The registration of all bonds owned by the same person, organization, or fiduciary should be uniform with respect to the name of the owner and, in the case of a fiduciary, the description of the fiduciary

<sup>2</sup>Taxpayer identifying numbers are not required for foreign governments, nonresident aliens not engaged in trade or business within the United States, international organizations and foreign corporations not engaged in trade or business and not having an office or place of business or a financial or paying agent within the United States, and other persons or organizations as may be exempted from furnishing such numbers under regulations of the Internal Revenue Service.

### 31 CFR Ch. II (7–1–02 Edition)

capacity. Individual owners should be designated by the names by which they are ordinarily known or under which they do business, preferably including at least one full given name. The name of an individual may be preceded by any applicable title, as, for example, *Mrs.*, *Miss*, *Ms.*, *Dr.*, or *Rev.*, or followed by a designation such as *M.D.*, *D.D.*, *Sr.*, or *Jr.* Any other similar suffix should be included when ordinarily used or when necessary to distinguish the owner from a member of his family. A married woman's own given name, not that of her husband, must be used, for example, *Mrs. Mary A. Jones*, not *Mrs. Frank B. Jones*. The address should include, where appropriate, the number and street, route, or any other local feature and the Zip Code.

### § 306.11 Forms of registration for transferable securities.

The forms of registration described below are authorized for transferable securities:

(a) *Natural persons in their own right.* In the names of natural persons who are not under any legal disability, in their own right, substantially as follows:

(1) *One person.* In the name of one individual. Examples:

John A. Doe (123-45-6789).  
Mrs. Mary C. Doe. (123-45-6789).  
Miss Elizabeth Jane Doe (123-45-6789).

An individual who is sole proprietor of a business conducted under a trade name may include a reference to the trade name. Examples:

John A. Doe, doing business as Doe's Home Appliance Store (123-45-6789).

or

John A. Doe (123-45-6789), doing business as Doe's Home Appliance Store.

(2) *Two or more persons—general.* Securities will not be registered in the name of one person payable on death to another, or in any form which purports to authorize transfer by less than all the persons named in the registration (or all the survivors).<sup>3</sup> Securities will

<sup>3</sup>Warning. Difference Between Transferable Treasury Securities Registered in the Names of Two or More Persons and United States

not be registered in the forms *John A. Doe and Mrs. Mary C. Doe, or either of them* or *William C. Doe or Henry J. Doe, or either of them* and securities so assigned will be treated as though the words *or either of them* do not appear in the assignments. The taxpayer identifying number of any of the joint owners may be shown on securities registered in joint ownership form.

(i) *With right of survivorship.* In the names of two or more individuals with right of survivorship. Examples:

John A. Doe (123-45-6789) or Mrs. Mary C. Doe or the survivor.

John A. Doe (123-45-6789) or Mrs. Mary C. Doe or Miss Mary Ann Doe or the survivors or survivor.

John A. Doe (123-45-6789) or Mrs. Mary C. Doe.

John A. Doe (123-45-6789) and Mrs. Mary C. Doe.

John A. Doe (123-45-6789) and Mrs. Mary C. Doe as joint tenants with right of survivorship and not as tenants in common.

Limited to husband and wife:

John A. Doe (123-45-6789) and Mrs. Mary C. Doe, as tenants by the entirety.

(ii) *Without right of survivorship.* In the names of two or more individuals in such manner as to preclude the right of survivorship. Examples:

John A. Doe (123-45-6789) and William B. Doe as tenants in common.

John A. Jones as natural guardian of Henry B. Jones, a minor, and Robert C. Jones (123-45-6789), without right of survivorship.

Limited to husband and wife:

Charles H. Brown (123-45-6789) and Ann R. Brown, as partners in community.

(b) *Minors and incompetents*—(1) *Natural guardians of minors.* A security may be registered in the name of a natural guardian of a minor for whose estate no legal guardian or similar rep-

resentative has legally qualified. Example:

John R. Jones as natural guardian of Henry M. Jones, a minor (123-45-6789).

Either parent with whom the minor resides, or if he does not reside with either parent, the person who furnishes his chief support, will be recognized as his natural guardian and will be considered a fiduciary. Registration in the name of a minor in his own right as owner or as joint owner is not authorized. Securities so registered, upon qualification of the natural guardian, will be treated as though registered in the name of the natural guardian in that capacity.

(2) *Custodian under statute authorizing gifts to minors.* A security may be purchased as a gift to a minor under a gifts to minors statute in effect in the State in which either the donor or the minor resides. The security should be registered as provided in the statute, with an identifying reference to the statute if the registration does not clearly identify it. Examples:

William C. Jones, as custodian for John A. Smith, a minor (123-45-6789), under the California Uniform Gifts to Minors Act.

Robert C. Smith, as custodian for Henry L. Brown, a minor (123-45-6789), under the laws of Georgia; Chapter 48-3, Code of Ga. Anno.

(3) *Incompetents not under guardianship.* Registration in the form *John A. Brown, an incompetent (123-45-6789), under voluntary guardianship*, is permitted only on reissue after a voluntary guardian has qualified for the purpose of collecting interest. (See §§ 306.37(c)(2) and 306.57(c)(2)). Otherwise, registration in the name of an incompetent not under legal guardianship is not authorized.

(c) *Executors, administrators, guardians, and similar representatives or fiduciaries.* A security may be registered in the names of legally qualified executors, administrators, guardians, conservators, or similar representatives or fiduciaries of a single estate. The names and capacities of all the representatives or fiduciaries, as shown in their letters of appointment, must be included in the registration and must be followed by an adequate identifying reference to the estate. Examples:

Savings Bonds in Coownership Form. The effect of registering Treasury securities to which these regulations apply in the names of two or more persons differs decidedly from registration of savings bonds in coownership form. Savings bonds are virtually redeemable on demand at the option of either co-owner on his signature alone. Transferable Treasury securities are redeemable only at maturity or upon prior call by the Secretary of the Treasury.

<sup>4-6</sup> [Reserved]

§ 306.11

31 CFR Ch. II (7-1-02 Edition)

John Smith, executor of will (or administrator of estate) of Henry J. Jones, deceased (12-3456789).

William C. Jones, guardian (or conservator, etc.) of estate of James D. Brown, a minor (or an incompetent) (123-45-6789).

(d) *Life tenant under will.* A security may be registered in the name of a life tenant followed by an adequate identifying reference to the will. Example:

Anne B. Smith, life tenant under the will of Adam A. Smith, deceased (12-3456789).

The life tenant will be considered a fiduciary.

(e) *Private trust estates.* A security may be registered in the name and title of the trustee or trustees of a single duly constituted private trust, followed by an adequate identifying reference to the authority governing the trust. Examples:

John Jones and Blank Trust Co., Albany, NY, trustees under will of Sarah Jones, deceased (12-3456789).

John Doe and Richard Roe, trustees under agreement with Henry Jones dated February 9, 1970 (12-3456789).

The names of all trustees, in the form used in the trust instrument, must be included in the registration, except as follows:

(1) If there are several trustees designated as a board or authorized to act as a unit, their names should be omitted and the words *Board of Trustees* substituted for the word *trustees*. Example:

Board of Trustees of Blank Co. Retirement Fund, under collective bargaining agreement dated June 30, 1970 (12-3456789).

(2) If the trustees do not constitute a board or otherwise act as a unit, and are either too numerous to be designated in the inscription by names and title, or serve for limited terms, some or all of the names may be omitted. Examples:

John Smith, Henry Jones, et al., trustees under will of Henry J. Smith, deceased (12-3456789).

Trustees under will of Henry J. Smith, deceased (12-3456789).

Trustees of Retirement Fund of Industrial Manufacturing Co., under directors' resolution of June 30, 1950 (12-3456789).

(f) *Private organizations (corporations, unincorporated associations and partnerships).* A security may be registered in

the name of any private corporation, unincorporated association, or partnership, including a nominee, which for purposes of these regulations is treated as the owner. The full legal name of the organization, as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other authority from which its powers are derived, must be included in the registration and may be followed, if desired, by a reference to a particular account or fund, other than a trust fund, in accordance with the rules and examples given below:

(1) *A corporation.* The name of a business, fraternal, religious, or other private corporation must be followed by descriptive words indicating the corporate status unless the term *corporation* or the abbreviation *Inc.* is part of the name or the name is that of a corporation or association organized under Federal law, such as a national bank or Federal savings and loan association. Examples:

Smith Manufacturing Co., a corporation (12-3456789).

The Standard Manufacturing Corp. (12-3456789).

Jones & Brown, Inc.—Depreciation Acct. (12-3456789).

First National Bank of Albemarle (12-3456789).

Abco & Co., Inc., a nominee corporation (12-3456789).

(2) *An unincorporated association.* The name of a lodge, club, labor union, veterans' organization, religious society, or similar self-governing organization which is not incorporated (whether or not it is chartered by or affiliated with a parent organization which is incorporated) must be followed by the words *an unincorporated association*. Examples:

American Legion Post No. —, Department of the D.C., an unincorporated association (12-3456789).

Local Union No. 100, Brotherhood of Locomotive Engineers, an unincorporated association (12-3456789).

Securities should not be registered in the name of an unincorporated association if the legal title to its property in general, or the legal title to the funds with which the securities are to be purchased, is held by trustees. In such a case the securities

## Fiscal Service, Treasury

## § 306.15

should be registered in the title of the trustees in accordance with paragraph (e) of this section. The term *unincorporated association* should not be used to describe a trust fund, a partnership or a business conducted under a trade name.

(3) *A partnership.* The name of a partnership must be followed by the words *a partnership*. Example:

Smith & Brown, a partnership (12-3456789).  
Acme Novelty Co., a limited partnership (12-3456789).  
Abco & Co., a nominee partnership (12-3456789).

(g) *States, public bodies, and corporations and public officers.* A security may be registered in the name of a State or county, city, town, village, school district, or other political entity, public body or corporation established by law (including a board, commission, administration, authority or agency) which is the owner or official custodian of public funds, other than trust funds, or in the full legal title of the public officer having custody. Examples:

State of Maine.  
Town of Rye, NY.  
Maryland State Highway Administration.  
Treasurer, City of Springfield, IL.  
Treasurer of Rhode Island—State Forestry Fund.

(h) *States, public officers, corporations or bodies as trustees.* A security may be registered in the title of a public officer or in the name of a State or county or a public corporation or public body acting as trustee under express authority of law. An appropriate reference to the statute creating the trust may be included in the registration. Examples:

Insurance Commissioner of Pennsylvania, trustee for benefit of policyholders of Blank Insurance Co. (12-3456789), under Sec. —, Pa. Stats.  
Rhode Island Investment Commission, trustee of General Sinking Fund under Ch. 35, Gen. Laws of RI.  
State of Colorado in trust for Colorado Surplus Property Agency.

[38 FR 7078, Mar. 15, 1973; 38 FR 8153, Mar. 29, 1973]

### § 306.12 Errors in registration.

If an erroneously inscribed security is received, it should not be altered in any respect, but the Bureau should be furnished full particulars concerning

the error and asked to furnish instructions.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38125, July 15, 1999]

### § 306.13 Nontransferable securities.

Upon authorized reissue, Treasury Bonds, Investment Series B—1975–80, may be registered in the forms set forth in § 306.11.

## Subpart C—Transfers, Exchanges and Reissues

### § 306.15 Transfers and exchanges of securities—closed periods.

(a) *General.* The transfer of registered securities should be made by assignment in accordance with subpart F of this part. Transferable registered securities are eligible for denominational exchange. Specific instructions for issuance and delivery of the new securities, signed by the owner or his authorized representative, must accompany the securities presented. (Form PD 3905 or PD 1827, as appropriate, may be used.) Denominational exchanges may be made at any time. Securities presented for transfer must be received by the Bureau not less than 1 full month before the date on which the securities mature or become redeemable pursuant to a call for redemption before maturity. Any security so presented which is received too late to comply with this provision will be accepted for payment only.

(b) *Closing of transfer books.* The transfer books are closed for one full month preceding interest payment dates and call or maturity dates. If the date set for closing of the transfer books falls on Saturday, Sunday, or a legal holiday, the books will be closed as of the close of business on the last business day preceding that date. The books are reopened on the first business day following the date on which interest falls due. Registered securities which have not matured or been called, submitted for transfer, reissue, and coupon securities which have not matured or been called, submitted for exchange for registered securities, which are received during the period the books for that loan are closed, will be processed on or after the date such

## § 306.16

books are reopened. If registered securities are received for transfer, or coupon securities are received for exchange for registered securities, during the time the books are closed for payment of final interest at maturity or call, unless otherwise provided in the offering circular or notice of call, the following action will be taken:

(1) Payment of final interest will be made to the registered owner of record on the date the books were closed.

(2) Payment of principal will be made to the assignee under a proper assignment of the securities.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38125, July 15, 1999]

## § 306.16 Exchanges of registered securities.

No assignments will be required for:

(a) Authorized denominational exchanges of registered securities for like securities in the same names and forms of registration and

(b) Redemption-exchanges, or prefundings, or advance refundings in the same names and forms as appear in the registration or assignments of the securities surrendered.

## § 306.17 Exchanges of registered securities for coupon securities.

Exchanges of registered securities for bearer securities are not permitted.

[64 FR 38126, July 15, 1999]

## § 306.18 Exchanges of coupon securities for registered securities.

Coupon securities presented for exchange for registered securities should have all matured interest coupons detached. All unmatured coupons should be attached, except that if presented when the transfer books are closed (in which case the exchange will be effected on or after the date on which the books are reopened), the next maturing coupons should be detached and held for collection in ordinary course when due. If any coupons which should be attached are missing, the securities must be accompanied by a remittance in an amount equal to the face amount of the missing coupons. The new registered securities will bear interest from the interest payment date next

## 31 CFR Ch. II (7-1-02 Edition)

preceding the date on which the exchange is made.

## § 306.19 Denominational exchanges of coupon securities.

Denominational exchanges of bearer securities are not permitted.

[64 FR 38126, July 15, 1999]

## § 306.20 Reissue of registered transferable securities.

Assignments are not required for reissue of registered transferable securities in the name(s) of:

(a) The surviving joint owner(s) of securities registered in the names of or assigned to two or more persons, unless the registration or assignment includes words which preclude the right of survivorship,

(b) A succeeding fiduciary or other lawful successor,

(c) A remainderman, upon termination of a life estate,

(d) An individual, corporation or unincorporated association whose name has been legally changed,

(e) A corporation or unincorporated association which is the lawful successor to another corporation or unincorporated association, and

(f) A successor in title to a public officer or body.

Evidence of survivorship, succession, or change of name, as appropriate, must be furnished. The appropriate taxpayer identifying number also must be furnished if the registration of the securities submitted does not include such number for the person or organization to be named on the reissued securities.

## § 306.21 Reissue of nontransferable securities.

Treasury Bonds, Investment Series B—1975-80, may be reissued only in the names of:

(a) Lawful successors in title,

(b) The legal representatives or distributees of a deceased owner's estate, or the distributees of a trust estate, and

(c) State supervisory authorities in pursuance of any pledge required of the owner under State law, or upon termination of the pledge in the names of the pledgors or their successors.



Bonds presented for reissue must be accompanied by evidence of entitlement.

**§ 306.22 Exchange of Treasury Bonds, Investment Series B-1975-80.**

Bonds of this series presented for exchange for 1½ percent 5-year Treasury notes must bear duly executed assignments to "The Secretary of the Treasury for exchange for the current series of EA or EO Treasury notes to be delivered to (inserting the name and address of the person to whom the notes are to be delivered)." The notes will bear the April 1 or October 1 date next preceding the date the bonds, duly assigned with supporting evidence, if necessary, are received by the Bureau or a Federal Reserve Bank or Branch. Interest accrued at the rate of 2¾ percent on the bonds surrendered from the next preceding interest payment date to the date of exchange will be credited, and interest at the rate of 1½ percent on the notes for the same period will be charged and the difference will be paid to the owner.

**§ 306.23 Securities eligible to be held in the TREASURY DIRECT Book-entry Securities System.**

(a) *Eligible issues.* The Secretary will, from time to time, cause to be published in the FEDERAL REGISTER a notice describing those series of Treasury issues of bonds and notes issued before August 1, 1986, that will be eligible for conversion to the TREASURY DIRECT Book-entry Securities System. The notice shall specify the period during which requests for conversion will be accepted.

(b) *Establishment of TREASURY DIRECT account.* To convert a bearer or registered security to book-entry form to be held in TREASURY DIRECT, the owner(s) must establish at the time of conversion, or prior thereto, an account in TREASURY DIRECT in accordance with § 357.20 of part 357. Similarly, to transfer to TREASURY DIRECT a security held in book-entry form under subpart O of this part, the owner(s) must establish at the time of transfer, or prior thereto, an account in TREASURY DIRECT in accordance with § 357.20 of part 357.

(c) *Procedure for conversion of bearer security.* To convert a bearer security

to TREASURY DIRECT, the owner must present it to the Department of the Treasury, accompanied by a request for conversion, which must include the information needed for establishing a *TREASURY DIRECT* account, unless such account has been previously established, and is identified by its number in the request.

(d) *Procedures for conversion of registered security.* To convert a registered security to TREASURY DIRECT, the owner(s) thereof must execute an assignment in accordance with subpart F of this part. The assignment must be in substantially the following form: "To the Secretary of the Treasury for conversion to book-entry and deposit in TREASURY DIRECT,". The security should be accompanied by the information needed for establishing the TREASURY DIRECT account, or where an account has been previously established, the above assignment should be reworded to include the account number.

(e) *Procedure for transfer of book-entry security held under subpart O.* To transfer a book-entry security held under subpart O of this part, the owner(s) must arrange with the bank or other entity where the security is being held to transfer the same to TREASURY DIRECT. No such transfer will be accepted unless a TREASURY DIRECT account has previously been established and the number thereof is shown in the transfer request.

(f) *Terms and conditions of securities held in TREASURY DIRECT.* An eligible security held in TREASURY DIRECT shall be subject to subpart C and other applicable portions of part 357, and the provisions of part 306 shall not apply thereto.

(g) *Re-conversion from TREASURY DIRECT to registered form or to book-entry under subpart O.* The owner(s) of a security converted or transferred to TREASURY DIRECT in the manner herein provided may, by executing an appropriate transaction request, transfer the book-entry security to a book-entry account held under the provisions of subpart O of this part. Thereafter, to the extent that the security was originally eligible for such conversion the book-entry security held under subpart O may be converted to

## § 306.24

one in registered form. Securities transferred from TREASURY DIRECT under this subsection shall be thereupon subject to the provisions of part 306, and part 357 shall no longer apply thereto.

[53 FR 15554, May 2, 1988, as amended at 64 FR 38126, July 15, 1999]

### § 306.24 Collection of fees on definitive securities.

A fee shall be charged for each registered security, as defined in § 306.115 (a), issued as a result of a transfer, exchange, reissue, withdrawal from book-entry, or the granting of relief on account of loss, theft, destruction, mutilation, or defacement. The applicable fee, and the basis for its determination, will be published by notice in the FEDERAL REGISTER.

[60 FR 4377, Jan. 23, 1995, as amended at 64 FR 38126, July 15, 1999]

## Subpart D—Redemption or Payment

### § 306.25 Presentation and surrender.

(a) *General.* Securities, whether in registered or bearer form, are payable in regular course of business at maturity unless called for redemption before maturity in accordance with their terms, in which case they will be payable in regular course of business on the date of call. The Secretary of the Treasury may provide for the exchange of maturing or called securities, or in advance of call or maturity, may afford owners the opportunity of exchanging a security for another security pursuant to a prerefunding or an advance refunding offer. Registered and bearer securities should be presented and surrendered for redemption to the Bureau. No assignments or evidence in support of assignments will be required by or on behalf of the registered owner or assignee for redemption for his or its account, or for redemption-exchange, or exchange pursuant to a prerefunding or an advance refunding offer, if the new securities are to be registered in exactly the same names and forms as appear in the registrations or assignments of the securities surrendered. To the extent appropriate, these rules also apply to securities registered in the

## 31 CFR Ch. II (7–1–02 Edition)

title of public officers who are official custodians of public funds.

(b) “*Overdue*” securities. If a bearer security or a registered security assigned in blank, or to bearer, or so assigned as to become in effect payable to bearer, is presented and surrendered for redemption after it has become overdue, the Secretary of the Treasury will ordinarily require satisfactory proof of ownership. (Form PD 1071 may be used.) A security shall be considered to be overdue after the lapse of the following periods of time from its face maturity:

(1) One month for securities issued for a term of 1 year or less.

(2) Three months for securities issued for a term of more than 1 year but not in excess of 7 years.

(3) Six months for securities issued for a term of more than 7 years.

[38 FR 7078, Mar. 15, 1973; 38 FR 8432, Apr. 2, 1973, as amended by 64 FR 38126, July 15, 1999]

### § 306.26 Redemption of registered securities at maturity, upon prior call, or for prerefunding or advance refunding.

Registered securities presented and surrendered for redemption at maturity or pursuant to a call for redemption before maturity need not be assigned, unless the owner desires that payment be made to some other person, in which case assignments should be made to “The Secretary of the Treasury for redemption for the account of (inserting name and address of person to whom payment is to be made). Specific instructions for the issuance and delivery of the redemption check, signed by the owner or his authorized representative, must accompany the securities, unless included in the assignment. (Form PD 3905 may be used.) Payment of the principal will be made by check drawn on the United States Treasury to the order of the persons entitled and mailed in accordance with the instructions received. Securities presented for prerefunding or advance refunding should be assigned as provided in the prerefunding or advance refunding offer.

[64 FR 38126, July 15, 1999]

**§ 306.27 Redemption of bearer securities at maturity, upon prior call, or for advance refunding or prerefunding.**

All interest coupons due and payable on or before the date of maturity or date fixed in the call for redemption before maturity should be detached from coupon securities presented for redemption and should be collected separately in regular course. All coupons bearing dates subsequent to the date fixed in a call for redemption, or offer of prerefunding or advance refunding, should be left attached to the securities. If any such coupons are missing, the full face amount thereof will be deducted from the payment to be made upon redemption or the prerefunding or advance refunding adjustment unless satisfactory evidence of their destruction is submitted. Any amounts so deducted will be held in the Department to provide for adjustments or refunds in the event it should be determined that the missing coupons were subsequently presented or their destruction is later satisfactorily established. In the absence of other instructions, payment or bearer securities will be made by check drawn to the order of the person presenting and surrendering the securities and mailed to him at his address, as given in the advice accompanying the securities. (Form PD 3905 may be used.) Under appropriate circumstances, payment to a financial institution for detached past due coupons may be made by crediting the amount of the proceeds to the account maintained by the financial institution at the Federal Reserve bank of its district.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38126, July 15, 1999]

### Subpart E—Interest

**§ 306.35 Computation of interest.**

The interest on Treasury securities accrues and is payable on a semiannual basis unless otherwise provided in the circular offering them for sale or exchange. If the period of accrual is an exact 6 months, the interest accrual is an exact one-half year's interest without regard to the number of days in the period. If the period of accrual is less

than an exact 6 months, the accrued interest is computed by determining the daily rate of accrual on the basis of the exact number of days in the full interest period and multiplying the daily rate by the exact number of days in the fractional period for which interest has actually accrued. A full interest period does not include the day as of which securities were issued or the day on which the last preceding interest became due, but does include the day on which the next succeeding interest payment is due. A fractional part of an interest period does not include the day as of which the securities were issued or the day on which the last preceding interest payment became due, but does include the day as of which the transaction terminating the accrual of interest is effected. The 29th of February in a leap year is included whenever it falls within either a full interest period or a fractional part thereof.<sup>7</sup>

**§ 306.36 Termination of interest.**

Securities will cease to bear interest on the date of their maturity unless they have been called for redemption before maturity in accordance with their terms, or are presented and surrendered for redemption-exchange or exchange pursuant to an advance refunding or prerefunding offer, in which case they will cease to bear interest on the date of call, or the exchange date, as the case may be.

**§ 306.37 Interest on registered securities.**

(a) *Method of payment.* The interest on registered securities is payable by checks drawn on the United States Treasury to the order of the registered owners, except as otherwise provided herein. Interest checks are prepared by the Department in advance of the interest payment data and are ordinarily mailed in time to reach the addresses

<sup>7</sup>The appendix to this subpart contains a complete explanation of the method of computing interest on a semiannual basis on Treasury bonds, notes, and certificates of indebtedness, and an outline of the method of computing the discount rates on Treasury bills. Also included are tables of computation of interest on semiannual and annual basis.

on that date. Interest on a registered security which has not matured or been called and which is presented for any transaction during the period the books for that loan are closed will be paid by check drawn to the order of the registered owner of record. Upon receipt of notice of the death or incompetency of an individual named as registered owner, a change in the name or in the status of a partnership, corporation, or unincorporated association, the removal, resignation, succession, or death of a fiduciary or trustee, delivery of interest checks will be withheld pending receipt and approval of evidence showing who is entitled to receive the interest checks. If the inscriptions on securities do not clearly identify the owners, delivery of interest checks will be withheld pending reissue of the securities in the correct registration. The final installment of interest, unless otherwise provided in the offering circular or notice of call, will be paid by check drawn to the order of the registered owner of record and mailed in advance of the interest payment date in time to reach the addressee on or about that date. Interest on securities presented for prerefunding or advance refunding will be adjusted as provided in the prerefunding or advance refunding offer.

(b) *Change of address.* To assure timely delivery of interest checks, owners should promptly notify the Bureau of any change of address. (Form PD 345 may be used.) The notification must be signed by the registered owner or a joint owner or an authorized representative, and should show the owner's taxpayer identifying number, the old and new addresses, the serial number and denomination of each security, the titles of the securities (for example: 4¾ percent Treasury Bonds of 1987-92, dated August 15, 1962), and the registration of each security. Notifications by attorneys in fact, trustees, or by the legal representatives of the estates of deceased, incompetent, or minor owners should be supported by proof of their authority, unless, in the case of trustees or legal representatives, they are named in the registration.

(c) *Collection of interest checks*—(1) *General.* Interest checks may be col-

lected in accordance with the regulations governing the endorsement and payment of Government warrants and checks, which are contained in the current revision of Department Circular No. 21 (part 240 of this chapter).

(2) *By voluntary guardians of incompetents.* Interest checks drawn to the order of a person who has become incompetent and for whose estate no legal guardian or similar representative has been appointed should be returned to the Bureau with a full explanation of the circumstances. For collection of interest, the Department will recognize the relative responsible for the incompetent's care and support or some other person as voluntary guardian for the incompetent. (Application may be made on Form PD 1461.)

(d) *Nonreceipt, loss, theft, or destruction of interest checks.* If an interest check is not received within a reasonable period after an interest payment date, or if a check is lost, stolen, or destroyed after receipt, notification should be sent to the Bureau of the Public Debt, Division of Customer Service, Parkersburg, WV 26102. Notification should include the name and address of the owner, his taxpayer identifying number, and the serial number, denomination, and title of the security upon which the interest was payable. If the check is subsequently received or recovered, the Bureau should be notified.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38126, July 15, 1999]

#### § 306.38 Interest on bearer securities.

Unless the offering circular and notice of call provide otherwise, interest on coupon securities is payable in regular course of business upon presentation and surrender of the interest coupons as they mature. Such coupons are payable at participating Federal Reserve banks or by the Bureau.<sup>8</sup> Interest on Treasury bills, and any other bearer securities which may be sold and issued on a discount basis and which are payable at par at maturity,

<sup>8</sup>Banking institutions will usually cash the coupons without charge as an accommodation to their customers.

**Fiscal Service, Treasury**

**Pt. 306, Subpt. E, App.**

is represented by the difference between the purchase price and the par value, and no coupons are attached.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38126, July 15, 1999]

**APPENDIX TO SUBPART E OF PART 306—  
INTEREST—COMPUTATION OF INTEREST ON TREASURY BONDS, TREASURY NOTES, AND TREASURY CERTIFICATES OF INDEBTEDNESS, AND COMPUTATION OF DISCOUNT ON TREASURY BILLS—  
INTEREST TABLES**

**COMPUTATION OF INTEREST ON ANNUAL BASIS**

One Day's Interest is  $\frac{1}{365}$  or  $\frac{1}{366}$  of 1-Year's Interest

Computation of interest on Treasury bonds, notes, and certificates of indebtedness will be made on an annual basis in all cases where interest is payable in one amount for the full term of the security, unless such term is an exact half-year (6 months), and it is provided that interest shall be computed on a semi-annual basis.

If the term of the securities is exactly 1 year, the interest is computed for the full period at the specified rate regardless of the number of days in such period.

If the term of the securities is less than 1 full year, the annual interest period for purposes of computation is considered to be the full year from but not including the date of issue to and including the anniversary of such date.

If the term of the securities is more than 1 full year, computation is made on the basis of one full annual interest period, ending with the maturity date, and a fractional part of the preceding full annual interest period.

The computation of interest for any fractional part of an annual interest period is made on the basis of 365 actual days in such period, or 366 days if February 29 falls within such annual period.

**COMPUTATION OF INTEREST ON SEMIANNUAL BASIS**

ONE DAY'S INTEREST IS  $\frac{1}{181}$ ,  $\frac{1}{182}$ ,  $\frac{1}{183}$  OR  $\frac{1}{184}$  OR  $\frac{1}{2}$  YEAR'S INTEREST

Computation of interest on Treasury bonds, notes, and certificates of indebtedness will be made on a semiannual basis in all cases where interest is payable for one or more full half-year (6 months) periods, or for one or more full half-year periods and a fractional part of a half-year period. A semi-annual interest period is an exact half-year or 6 months, for computation purposes, and may comprise 181, 182, 183 or 184 actual days.

An exact half-year's interest at the specified rate is computed for each full period of exactly 6 months, irrespective of the actual number of days in the half-year.

If the initial interest covers a fractional part of a half-year, computation is made on the basis of the actual number of days in the half-year (exactly 6 months) ending on the day such initial interest becomes due. If the initial interest covers a period in excess of 6 months, computation is made on the basis of one full half-year, ending with the interest due date, and a fractional part of the preceding full half-year period.

Interest for any fractional part of a full half-year period is computed on the basis of the exact number of days in the full period, including February 29 whenever it falls within such a period.

The number of days in any half-year period is shown in the following table:

**FOR THE HALF-YEAR**

Interest period	Beginning and ending days are 1st or 15th of months listed under interest period (number of days)		Beginning and ending days are last days of months listed under interest period (number of days)	
	Regular year	Leap year	Regular year	Leap year
January to July .....	181	182	181	182
February to August .....	181	182	184	184
March to September .....	184	184	183	183
April to October .....	183	183	184	184
May to November .....	184	184	183	183
June to December .....	183	183	184	184
July to January .....	184	184	184	184
August to February .....	184	184	181	182
September to March .....	181	182	182	183
October to April .....	182	183	181	182
November to May .....	181	182	182	183
December to June .....	182	183	181	182
1 year (any 2 consecutive half-years) .....	365	366	365	366

**Pt. 306, Subpt. E, App.**

**31 CFR Ch. II (7-1-02 Edition)**

The following are dates for end-of-the-month interest computations.

When interest period ends on—	Interest-computation period will be from but will not include—
January 31 .....	July 31.
February 28 in 365-day year..	August 31.
February 29 .....	Do.
March 30, 31 .....	September 30.
April 30 .....	October 31.
May 30, 31 .....	November 30.
June 30 .....	December 31.
July 31 .....	January 31.
August 29, 30, or 31 .....	February 28 in 365-day year. February 29 in leap year.
September 30 .....	March 31.
October 30, 31 .....	April 30.
November 30 .....	May 31.
December 30, 31 .....	June 30.

**USE OF INTEREST TABLES**

In the appended tables decimals are set forth for use in computing interest for fractional parts of interest periods. The decimals cover interest on \$1,000 for 1 day in each possible semiannual (Table I), and annual (Table II) interest period, at all rates of interest, in steps of 1/8 percent, from 1/8 to 9 percent. The amount of interest accruing on any date (for a fractional part of an interest period) on \$1,000 face amount of any issue of Treasury bonds, Treasury notes, or Treasury certificates of indebtedness may be ascertained in the following way:

(1) The date of issue, the dates for the payment of interest, the basis (semiannual or annual) upon which interest is computed, and the rate of interest (percent per annum) may be determined from the text of the security, or from the official circular governing the issue.

(2) Determine the interest period of which the fraction is a part, and calculate the number of days in the full period to determine the proper column to be used in selecting the decimal for 1 day's interest.

(3) Calculate the actual number of days in the fractional period from but not including the date of issue or the day on which the last preceding interest payment was made, to and including the day on which the next succeeding interest payment is due or the day as of which the transaction which terminates the accrual of additional interest is effected.

(4) Multiply the appropriate decimal (1 day's interest on \$1,000) by the number of days in the fractional part of the interest period. The appropriate decimal will be found in the appended table for interest payable semiannually or annually, as the case may be, opposite the rate borne by the security, and in the column showing the full interest period of which the fractional period is a part. (For interest on any other amount,

multiply the amount of interest on \$1,000 by the other amount expressed as a decimal of \$1,000.)

**TREASURY**

The methods of computing discount rates on U.S. Treasury bills are given below:

Computation will be made on an annual basis in all cases. The annual period for bank discount is a year of 360 days, and all computations of such discount will be made on that basis. The annual period for true discount is 1 full year from but not including the date of issue to and including the anniversary of such date. Computation of true discount for a fractional part of a year will be made on the basis of 365 days in the year, or 366 days if February 29 falls within the year.

**BANK DISCOUNT**

The bank discount rate on a Treasury bill may be ascertained by: (1) Subtracting the sale price of the bill from its face value to obtain the amount of discount; (2) dividing the amount of discount by the number of days the bill is to run to obtain the amount of discount per day; (3) multiplying the amount of discount per day by 360 (the number of days in a commercial year of 12 months of 30 days each) to obtain the amount of discount per year; and (4) dividing the amount of discount per year by the face value of the bill to obtain the bank discount rate.

For example:

91-day bill:

Principal amount—maturity value ....	\$100.00
Price at issue—amount received .....	99.50
Amount of discount .....	.50

$\$0.50 \div 91 \times 360 \div \$100 = .01978$  or 1.978 percent

**TRUE DISCOUNT**

The true discount rate on a Treasury bill of not more than one-half year in length may be ascertained by (1 and 2) obtaining the amount of discount per day by following the first two steps described under "Bank Discount"; (3) multiplying the amount of discount per day by the actual number of days in the year from date of issue (365 ordinarily, but 366 if February 29 falls within the year from date of issue) to obtain the amount of discount per year; and (4) dividing the amount of discount per year by the sale price of the bill to obtain the true discount rate.

For example:

91-day bill:

Principal amount—maturity value ....	\$100.00
Price at issue—amount received .....	99.50
Amount of discount .....	.50

$\$0.50 \div 91 \times 365 \div \$99.50 = .02016$  or 2.016 percent

TABLE I—DECIMAL FOR 1 DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE "COMPUTATION OF INTEREST ON SEMIANNUAL BASIS")

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
1/8 .....	\$0.003 396 739	\$0.003 415 301	\$0.003 434 066	\$0.003 453 039
1/4 .....	.006 793 478	.006 830 601	.006 868 132	.006 906 077
3/8 .....	.010 190 217	.010 245 902	.010 302 198	.010 359 116
1/2 .....	.013 586 957	.013 661 202	.013 736 264	.013 812 155
5/8 .....	.016 983 696	.017 076 503	.017 170 330	.017 265 193
3/4 .....	.020 380 435	.020 491 803	.020 604 396	.020 718 232
7/8 .....	.023 777 174	.023 907 104	.024 038 462	.024 171 271
1 .....	.027 173 913	.027 322 404	.027 472 527	.027 624 309
1 1/8 .....	.030 570 652	.030 737 705	.030 906 593	.031 077 348
1 1/4 .....	.033 967 391	.034 153 005	.034 340 659	.034 530 387
1 3/8 .....	.037 364 130	.037 568 306	.037 774 725	.037 983 425
1 1/2 .....	.040 760 870	.040 983 607	.041 208 791	.041 436 464
1 5/8 .....	.044 157 609	.044 398 907	.044 642 857	.044 889 503
1 3/4 .....	.047 554 348	.047 814 208	.048 076 923	.048 342 541
1 7/8 .....	.050 951 087	.051 229 508	.051 510 989	.051 795 580
2 .....	.054 347 826	.054 644 809	.054 945 055	.055 248 619
2 1/8 .....	.057 744 565	.058 060 109	.058 379 121	.058 701 657
2 1/4 .....	.061 141 304	.061 475 410	.061 813 187	.062 154 696
2 3/8 .....	.064 538 043	.064 890 710	.065 247 253	.065 607 735
2 1/2 .....	.067 934 783	.068 306 011	.068 681 319	.069 060 773
2 5/8 .....	.071 331 522	.071 721 311	.072 115 385	.072 513 812
2 3/4 .....	.074 728 261	.075 136 612	.075 549 451	.075 966 851
2 7/8 .....	.078 125 000	.078 551 913	.078 983 516	.079 419 890
3 .....	.081 521 739	.081 967 213	.082 417 582	.082 872 928
3 1/8 .....	.084 918 478	.085 382 514	.085 851 648	.086 325 967
3 1/4 .....	.088 315 217	.088 797 814	.089 285 714	.089 779 006
3 3/8 .....	.091 711 957	.092 213 115	.092 719 780	.093 232 044
3 1/2 .....	.095 108 696	.095 628 415	.096 153 846	.096 685 083
3 5/8 .....	.098 505 435	.099 043 716	.099 021 978	.100 138 122
3 3/4 .....	.101 902 174	.102 459 016	.103 021 978	.103 591 160
3 7/8 .....	.105 298 913	.105 874 317	.106 456 044	.107 044 190
4 .....	.108 695 652	.109 289 617	.109 890 110	.110 497 238
4 1/8 .....	.112 092 391	.112 704 918	.113 324 176	.113 950 236
4 1/4 .....	.115 489 130	.116 120 219	.116 758 242	.117 403 375
4 3/8 .....	.118 885 870	.119 535 519	.120 192 308	.120 856 317
4 1/2 .....	.122 282 609	.122 950 820	.123 626 374	.124 309 394
4 5/8 .....	.125 679 348	.126 366 120	.127 060 440	.127 762 432
4 3/4 .....	.129 076 087	.129 781 421	.130 494 505	.131 215 471
4 7/8 .....	.132 472 826	.133 196 721	.133 928 571	.134 668 500
5 .....	.135 869 565	.136 612 022	.137 362 637	.138 121 548
5 1/8 .....	.139 266 304	.140 027 322	.140 796 703	.141 574 586
5 1/4 .....	.142 663 043	.143 442 623	.144 230 769	.145 027 624
5 3/8 .....	.146 059 783	.146 857 923	.147 664 835	.148 480 663
5 1/2 .....	.149 456 522	.150 273 224	.151 098 901	.151 933 702
5 5/8 .....	.152 853 261	.153 688 525	.154 532 967	.155 386 748
5 3/4 .....	.156 250 000	.157 103 825	.157 967 033	.158 839 706
5 7/8 .....	.159 646 739	.160 519 126	.161 401 099	.162 292 876
6 .....	.163 043 478	.163 934 426	.164 835 165	.165 745 856
6 1/8 .....	.166 440 217	.167 349 727	.168 269 231	.169 198 895
6 1/4 .....	.169 836 957	.170 765 027	.171 703 297	.172 651 934
6 3/8 .....	.173 233 696	.174 180 328	.175 137 363	.176 104 972
6 1/2 .....	.176 630 435	.177 595 628	.178 571 429	.179 558 011
6 5/8 .....	.180 027 174	.181 010 929	.182 005 495	.183 011 050
6 3/4 .....	.183 423 913	.184 426 230	.185 439 560	.186 464 088
6 7/8 .....	.186 820 652	.187 841 530	.188 873 626	.189 917 127
7 .....	.190 217 391	.191 256 831	.192 307 692	.193 370 166
7 1/8 .....	.193 614 130	.194 672 131	.195 741 758	.196 823 204
7 1/4 .....	.197 010 870	.198 087 432	.199 175 824	.200 276 243
7 3/8 .....	.200 407 609	.201 502 732	.202 609 890	.203 729 282
7 1/2 .....	.203 804 348	.204 918 033	.206 043 956	.207 182 320
7 5/8 .....	.207 201 087	.208 333 333	.209 478 022	.210 635 359
7 3/4 .....	.210 597 826	.211 748 634	.212 912 088	.214 088 398
7 7/8 .....	.213 994 565	.215 163 934	.216 346 154	.217 541 436
8 .....	.217 391 304	.218 579 235	.219 780 220	.220 994 475
8 1/8 .....	.220 788 043	.221 994 536	.223 214 286	.224 447 514
8 1/4 .....	.224 184 783	.225 409 836	.226 648 352	.227 900 552
8 3/8 .....	.227 581 522	.228 825 137	.230 082 418	.231 353 591

TABLE I—DECIMAL FOR 1 DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE "COMPUTATION OF INTEREST ON SEMIANNUAL BASIS")—Continued

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
8½	.230 978 261	.232 240 437	.233 516 484	.234 806 630
8⅝	.234 375 000	.235 655 738	.236 950 549	.238 259 669
8¾	.237 771 739	.239 071 038	.240 384 615	.241 712 707
8⅞	.241 168 478	.242 486 339	.243 818 681	.245 165 746
9	.244 565 217	.245 901 639	.247 252 747	.248 618 785
9⅛	.247 961 957	.249 316 940	.250 686 813	.252 071 823
9¼	.251 358 696	.252 732 240	.254 120 879	.255 524 862
9⅜	.254 755 435	.256 147 541	.257 554 945	.258 977 901
9½	.258 152 174	.259 562 842	.260 989 011	.262 430 939
9⅝	.261 548 913	.262 978 142	.264 423 077	.265 883 978
9¾	.264 945 652	.266 393 443	.267 857 143	.269 337 017
9⅞	.268 342 391	.269 808 743	.271 291 209	.272 790 055
10	.271 739 130	.273 224 044	.274 725 275	.276 243 094
10⅛	.275 135 870	.276 639 344	.278 159 341	.279 696 133
10¼	.278 532 609	.280 054 645	.281 593 407	.283 149 171
10⅜	.281 929 348	.283 469 945	.285 027 473	.286 602 210
10½	.285 326 087	.286 885 246	.288 461 538	.290 055 249
10⅝	.288 722 826	.290 300 546	.291 895 604	.293 508 287
10¾	.292 119 565	.293 715 847	.295 329 670	.296 961 326
10⅞	.295 516 304	.297 131 148	.298 763 736	.300 414 365
11	.298 913 043	.300 546 448	.302 197 802	.303 867 403
11⅛	.302 309 783	.303 961 749	.305 631 868	.307 320 442
11¼	.305 706 522	.307 377 049	.309 065 934	.310 773 481
11⅜	.309 103 261	.310 792 350	.312 500 000	.314 226 519
11½	.312 500 000	.314 207 650	.315 934 066	.317 679 558
11⅝	.315 896 739	.317 622 951	.319 368 132	.321 132 597
11¾	.319 293 478	.321 038 251	.322 802 198	.324 585 635
11⅞	.322 690 217	.324 453 552	.326 236 264	.328 038 674
12	.326 086 957	.327 868 852	.329 670 330	.331 491 713

TABLE II—DECIMAL FOR 1 DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE ANNUALLY OR ON AN ANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS

Rate per annum (percent)	Regular year, 365 days	Leap year, 366 days
⅛	\$0.003 424 658	\$0.003 415 301
¼	.006 849 315	.006 830 601
⅓	.010 273 973	.010 245 902
½	.013 698 630	.013 661 202
⅝	.017 123 288	.017 076 503
¾	.020 547 945	.020 491 803
⅞	.023 972 603	.023 907 104
1	.027 397 260	.027 322 404
1⅛	.030 821 918	.030 737 705
1¼	.034 246 575	.034 153 005
1⅓	.037 671 233	.037 568 306
1½	.041 095 890	.040 983 607
1⅝	.044 520 548	.044 398 907
1¾	.047 945 205	.047 814 208
1⅞	.051 369 863	.051 229 508
2	.054 794 521	.054 644 809
2⅛	.058 219 178	.058 060 109
2¼	.061 643 836	.061 475 410
2⅓	.065 068 493	.064 890 710
2½	.068 493 151	.068 306 011
2⅝	.071 917 808	.071 721 311
2¾	.075 342 466	.075 136 612
2⅞	.078 767 123	.078 551 913
3	.082 191 781	.081 967 213
3⅛	.085 616 438	.085 382 514
3¼	.089 041 096	.088 797 814
3⅓	.092 465 753	.092 213 115

TABLE II—DECIMAL FOR 1 DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE ANNUALLY OR ON AN ANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS—Continued

Rate per annum (percent)	Regular year, 365 days	Leap year, 366 days
3½	.095 890 411	.095 628 415
3⅝	.099 315 068	.099 043 716
3¾	.102 739 726	.102 459 016
3⅞	.106 164 384	.105 874 317
4	.109 589 041	.109 289 617
4⅛	.113 013 699	.112 704 918
4¼	.116 438 356	.116 120 219
4⅓	.119 863 014	.119 535 519
4½	.123 287 671	.122 950 820
4⅝	.126 712 329	.126 366 120
4¾	.130 136 986	.129 781 421
4⅞	.133 561 644	.133 196 721
5	.136 986 301	.136 612 022
5⅛	.140 410 959	.140 027 322
5¼	.143 835 616	.143 442 623
5⅓	.147 260 274	.146 857 923
5½	.150 684 932	.150 273 224
5⅝	.154 109 589	.153 688 525
5¾	.157 534 247	.157 103 825
5⅞	.160 958 904	.160 519 126
6	.164 383 562	.163 934 426
6⅛	.167 808 219	.167 349 727
6¼	.171 232 877	.170 765 027
6⅓	.174 657 534	.174 180 328
6½	.178 082 192	.177 595 628
6⅝	.181 506 849	.181 010 929
6¾	.184 931 507	.184 426 230



TABLE II—DECIMAL FOR 1 DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE ANNUALLY OR ON AN ANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS—Continued

Rate per annum (percent)	Regular year, 365 days	Leap year, 366 days
6 7/8 .....	.188 356 164	.187 841 530
7 .....	.191 780 822	.191 256 831
7 1/8 .....	.195 205 479	.194 672 131
7 1/4 .....	.198 630 137	.198 087 432
7 3/8 .....	.202 054 795	.201 502 732
7 1/2 .....	.205 479 452	.204 918 033
7 5/8 .....	.208 904 110	.208 333 333
7 3/4 .....	.212 328 767	.211 748 634
7 7/8 .....	.215 753 425	.215 163 934
8 .....	.219 178 082	.218 579 235
8 1/8 .....	.222 602 740	.221 994 536
8 1/4 .....	.226 027 397	.225 409 836
8 3/8 .....	.229 452 055	.228 825 137
8 1/2 .....	.232 876 712	.232 240 437
8 5/8 .....	.236 301 370	.235 655 738
8 3/4 .....	.239 726 027	.239 071 038
8 7/8 .....	.243 150 685	.242 486 339
9 .....	.246 575 342	.245 901 639
9 1/8 .....	.250 000 000	.249 316 940
9 1/4 .....	.253 424 658	.252 732 240
9 3/8 .....	.256 849 315	.256 147 541
9 1/2 .....	.260 273 973	.259 562 842
9 5/8 .....	.263 698 630	.262 978 142
9 3/4 .....	.267 123 288	.266 393 443
9 7/8 .....	.270 547 945	.269 808 743
10 .....	.273 972 603	.273 224 044
10 1/8 .....	.277 397 260	.276 639 344
10 1/4 .....	.280 821 918	.280 054 645
10 3/8 .....	.284 246 575	.283 469 945
10 1/2 .....	.287 671 233	.286 885 246
10 5/8 .....	.291 095 890	.290 300 546
10 3/4 .....	.294 520 548	.293 715 847
10 7/8 .....	.297 945 205	.297 131 148
11 .....	.301 369 863	.300 546 448
11 1/8 .....	.304 794 521	.303 961 749
11 1/4 .....	.308 219 178	.307 377 049
11 3/8 .....	.311 643 836	.310 792 350
11 1/2 .....	.315 068 493	.314 207 650
11 5/8 .....	.318 493 151	.317 622 951
11 3/4 .....	.321 917 808	.321 038 251
11 7/8 .....	.325 342 466	.324 453 552
12 .....	.328 767 123	.327 868 852

[38 FR 7078, Mar. 15, 1973; 38 FR 8153, Mar. 29, 1973; 38 FR 10004, Apr. 23, 1973, as amended at 44 FR 34125, June 14, 1979]

**Subpart F—Assignments of Registered Securities—General**

**§ 306.40 Execution of assignments.**

The assignment of a registered security should be executed by the owner, or his or her authorized representative, in the presence of an individual authorized to certify assignments. All assignments must be made on the backs of the securities, unless otherwise authorized by the Bureau. An assignment by mark (X) must be witnessed not only

by a certifying individual, but also by at least one other person, who should add an endorsement substantially as follows: "Witness to signature by mark," followed by the witness' signature and address.

[59 FR 59036, Nov. 15, 1994, as amended by 64 FR 38126, July 15, 1999]

**§ 306.41 Form of assignment.**

Registered securities may be assigned in blank, to bearer, to a specified transferee, or to the Secretary of the Treasury for redemption or for exchange for other securities offered at maturity, upon call or pursuant to an advance refunding or prerefunding offer. Assignments to "The Secretary of the Treasury," "The Secretary of the Treasury for transfer," or "The Secretary of the Treasury for exchange" will not be accepted unless supplemented by specific instructions by or in behalf of the owner.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38126, July 15, 1999]

**§ 306.42 Alterations and erasures.**

If an alteration or erasure has been made in an assignment, the assignor should appear before an authorized certifying officer and execute a new assignment to the same assignee. If the new assignment is to other than the assignee whose name has been altered or erased, a disclaimer from the first-named assignee should be obtained. Otherwise, an affidavit of explanation by the person responsible for the alteration or erasure should be submitted for consideration.

**§ 306.43 Voidance of assignments.**

An assignment of a security to or for the account of another person, not completed by delivery, may be voided by a disclaimer of interest from that person. This disclaimer should be executed in the presence of an officer authorized to certify assignments of securities. Unless otherwise authorized by the Bureau, the disclaimer must be written, typed, or stamped on the back of the security in substantially the following form:

**§ 306.44**

The undersigned as assignee of this security hereby disclaims any interest herein.

(Signature)

I certify that the above-named person as described, whose identity is well known or proved to me, personally appeared before me the \_\_\_\_\_ day of \_\_\_\_\_ (Month and year) at \_\_\_\_\_ (Place) and signed the above disclaimer of interest.

(SEAL)  
\_\_\_\_\_  
(Signature and official designation of certifying officer)

In the absence of a disclaimer, an affidavit or affidavits should be submitted for consideration explaining why a disclaimer cannot be obtained, reciting all other material facts and circumstances relating to the transaction, including whether or not the security was delivered to the person named as assignee and whether or not the affiants know of any basis for the assignee claiming any right, title, or interest in the security. After an assignment has been voided, in order to dispose of the security, an assignment by or on behalf of the owner will be required.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38126, July 15, 1999]

**§ 306.44 Discrepancies in names.**

The Department will ordinarily require an explanation of discrepancies in the names which appear in inscriptions, assignments, supporting evidence or in the signatures to any assignments. (Form PD 385 may be used for this purpose.) However, where the variations in the name of the registered owner, as inscribed on securities of the same or different issues, are such that both may properly represent the same person, for example, "J. T. Smith" and "John T. Smith," no proof of identity will be required if the assignments are signed exactly as the securities are inscribed and are duly certified by the same certifying officer.

**§ 306.45 Certifying individuals.**

(a) *General.* The following individuals may certify assignments of, or forms with respect to, securities:

(1) Officers and employees of depository institutions, corporate central credit unions, and institutions that are members of Treasury-recognized signa-

ture guarantee programs who have been authorized:

(i) Generally to bind their respective institutions by their acts;

(ii) Unqualifiedly to guarantee signatures to assignments of securities; or

(iii) To certify assignments of securities.

(2) Officers and authorized employees of Federal Reserve Banks and branches.

(3) Officers of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives, and Federal Home Loan Banks.

(4) Commissioned officers and warrant officers of the Armed Forces of the United States but only with respect to signatures executed by Armed Forces personnel, civilian field employees, and members of their families.

(5) U.S. Attorneys, Collectors of Customs, and Regional Commissioners, District Directors, and Service Center Directors, Internal Revenue Service.

(6) Judges and Clerks of U.S. Courts.

(7) Such other persons as the Commissioner of the Public Debt or his designee may authorize.

(b) *Foreign countries.* The following individuals are authorized to certify assignments of, or forms with respect to, securities executed in a foreign country:

(1) United States diplomatic or consular officials.

(2) Managers and officers of foreign branches of depository institutions and institutions that are members of Treasury-recognized signature guarantee programs.

(3) Notaries public and other officers authorized to administer oaths, provided their official position and authority are certified by a United States diplomatic or consular official under seal of the office.

(c) *Duties and liabilities of certifying individuals*—(1) *General.* Except as specified in paragraph (c)(2) of this section, a certifying individual shall require that the security or related form be signed in the certifying individual's presence after he or she has established the identity of the person seeking the certification. An employee who is not

an officer should insert the words "Authorized signature" in the space provided for the title. A certifying individual and the organization for which he or she is acting are jointly and severally liable for any loss the United States may incur as a result of the individual's negligence in making the certification.

(2) *Signature guaranteed.* The assignment or related form need not be executed in the presence of a certifying individual if he or she unqualifiedly guarantees the signature, in which case the certifying individual shall, after the signature, add the following endorsement: "Signature guaranteed, First National Bank of Smithville, Smithville, NH, by A.B. Doe, President", and add the date. In guaranteeing a signature, the certifying individual and the organization for which he or she is acting warrant to the Department that the signature is genuine and that the signer had the legal capacity to execute the assignment or related form.

(3) *Absence of signature guaranteed by depository institution.* A security or related form need not be actually signed by the owner in any case where a certifying individual associated with a depository institution has placed an endorsement on the security or the form reading substantially as follows: "Absence of signature by owner and validity of transaction guaranteed, Second State Bank of Jonesville, Jonesville, NC, by B.R. Butler, Vice President". The endorsement should be dated, and the seal of the institution should be added. This form of endorsement is an unconditional guarantee to the Department that the institution is acting for the owner under proper authorization.

(d) *Evidence of certifying individual's authority.* The authority of a certifying individual to act is evidenced by affixing to the certification the following:

(1) *Officers and employees of depository institutions.* The institution's seal or signature guarantee stamp; if the institution is an authorized paying agent for U.S. Savings Bonds, a legible imprint of the paying agent's stamp; or, if the institution is a member of the Securities Transfer Agents Medallion Program (STAMP), a legible imprint of

the STAMP signature guarantee stamp.

(2) *Officers and authorized employees of institutions that are members of Treasury-recognized signature guarantee programs.* A legible imprint of the program's signature guarantee stamp, e.g., the STAMP, SEMP, or MSP stamp for members of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program, or the New York Stock Exchange Incorporated Medallion Signature Program, respectively.

(3) *Officers and authorized employees of Federal Reserve Banks.* Whatever is prescribed in procedures established by the Department.

(4) *Officers and employees of corporate central credit unions and other entities listed in paragraph (a)(3) of this section.* The entity's seal.

(5) *Notaries public, diplomatic or consular officials.* The official seal or stamp of the office. If the certifying individual has no seal or stamp, then the official's position must be certified by some other authorized individual, under seal or stamp, or otherwise proved to the satisfaction of the Department.

(6) *Commissioned or warrant officers of the United States Armed Forces.* A statement which sets out the officer's rank and the fact that the person executing the assignment or form is one whose signature the officer is authorized to certify under the regulations in this part.

(7) *A judge or clerk of the court.* The seal of the court.

(8) *Any other certifying individual.* The official seal or stamp of the office. If the certifying individual has no seal or stamp, then the certifying individual's position and signature must be certified by some other authorized individual under official seal or stamp, or otherwise proved to the satisfaction of the Department.

(e) *Interested persons not to act as certifying individual.* Neither the transferor, the transferee, nor any person having an interest in a security involved in the transaction may act as a certifying individual. However, an authorized officer or employee of a depository institution or of an institution that is a member of a Treasury-recognized signature

guarantee program may act as a certifying individual on a security or related form for transfer of a security to the institution, or any security or related form executed by another individual on behalf of the institution.

[59 FR 59037, Nov. 15, 1994]

### Subpart G—Assignments by or in Behalf of Individuals

#### § 306.55 Signatures, minor errors and change of name.

The owner's signature to an assignment should be in the form in which the security is inscribed or assigned, unless such inscription or assignment is incorrect or the name has since been changed. In case of a change of name, the signature to the assignment should show both names and the manner in which the change was made, for example, "John Young, changed by order of court from Hans Jung." Evidence of the change will be required. However, no evidence is required to support an assignment if the change resulted from marriage and the signature, which must be duly certified by an authorized officer, is written to show that fact, for example, "Mrs. Mary J. Brown, changed by marriage from Miss Mary Jones."

#### § 306.56 Assignment of securities registered in the names of or assigned to two or more persons.

(a) *Transfer or exchange.* Securities registered in the names of or assigned to two or more persons may be transferred during the lives of all the joint owners only upon assignments by all or on their behalf by authorized representatives. Upon proof of the death of one, the Department will accept an assignment by or in behalf of the survivor or survivors, unless the form of registration or assignment includes words which precludes the right of survivorship.<sup>9</sup> In the latter case, in addition to assignment by or in behalf of the survivor or survivors, an assignment in behalf of the decedent's estate will be required.

(b) *Advance refunding or prerefunding offers.* No assignments are required for

<sup>9</sup>See § 306.11(a) (2) for forms of registration expressing or precluding survivorship.

exchange of securities registered in the names of or assigned to two or more persons if the securities to be received in the exchange are to be registered in the same names and form. If securities in a different form are to be issued, all persons named must assign, except that in case of death paragraph (a) of this section shall apply.

(c) *Redemption or redemption-exchange—(1) Alternative registration or assignment.* Securities registered in the names of or assigned to two or more persons in the alternative, for example, "John B. Smith or Mrs. Mary J. Smith" or "John B. Smith or Mrs. Mary J. Smith or the survivor," may be assigned by one of them at maturity or upon call, for redemption or redemption-exchange, for his own account or otherwise, whether or not the other joint owner or owners are deceased.

(2) *Joint registration or assignment.* Securities registered in the names of or assigned to two or more persons jointly, for example, "John B. Smith and Mrs. Mary J. Smith," or "John B. Smith and Mrs. Mary J. Smith as tenants in common," or "John B. Smith and Mary J. Smith as partners in community," may be assigned by one of them during the lives of all only for redemption at maturity or upon call, and then only for redemption for the account of all. No assignments are required for redemption-exchange for securities to be registered in the same names and forms as appear in the registration or assignment of the securities surrendered. Upon proof of the death of a joint owner, the survivor or survivors may assign securities so registered or assigned for redemption or redemption-exchange for any account, except that, if words which preclude the right of survivorship<sup>9</sup> appear in the registration or assignment, assignment in behalf of the decedent's estate also will be required.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38126, July 15, 1999]

#### § 306.57 Minors and incompetents.

(a) *Assignments by natural guardian of securities registered in name of minor.* Securities registered in the name of a minor for whose estate no legal guardian or similar representative has qualified may be assigned by the natural

**Fiscal Service, Treasury**

**§ 306.65**

guardian upon qualification. (Form PD 2481 may be used for this purpose.)

(b) *Assignments of securities registered in name of natural guardian of minor.* Securities registered in the name of a natural guardian of a minor may be assigned by the natural guardian for any authorized transaction except one for the apparent benefit of the natural guardian. If the natural guardian in whose name the securities are registered is deceased or is no longer qualified to act as natural guardian, the securities may be assigned by the person then acting as natural guardian. The assignment by the new natural guardian should be supported by proof of the death or disqualification of the former natural guardian and by evidence of his own status as natural guardian. (Form PD 2481 may be used for this purpose.) No assignment by a natural guardian will be accepted after receipt of notice of the minor's attainment of majority, removal of his disability of minority, disqualification of the natural guardian to act as such, qualification of a legal guardian or similar representative, or the death of the minor.

(c) *Assignments by voluntary guardian of incompetents.* Registered securities belonging to an incompetent for whose estate no legal guardian or similar representative is legally qualified may be assigned by the relative responsible for his care and support or some other person as voluntary guardian:

(1) For redemption, if the proceeds of the securities are needed to pay expenses already incurred, or to be incurred during any 90-day period, for the care and support of the incompetent or his legal dependents.

(2) For redemption-exchange, if the securities are matured or have been called, or pursuant to an advance refunding or prerefunding offer, for reinvestment in other securities to be registered in the form "A, an incompetent (123-45-6789) under voluntary guardianship."

An application on Form PD 1461 by the person seeking authority to act as voluntary guardian will be required.

(d) *Assignments by legal guardians of minors or incompetents.* Securities registered in the name and title of the legal guardian or similar representa-

tive of the estate of a minor or incompetent may be assigned by the representative for any authorized transaction without proof of his qualification. Assignments by a representative of any other securities belonging to a minor or incompetent must be supported by properly certified evidence of qualification. The evidence must be dated not more than 1 year before the date of the assignments and must contain a statement showing the appointment is in full force unless (1) it shows the appointment was made not more than 1 year before the date of the assignment, or (2) the representative or a corepresentative is a corporation. An assignment by the representative will not be accepted after receipt of notice of termination of the guardianship, except for transfer to the former ward.

[38 FR 7078, Mar. 15, 1973, as amended at 64 FR 38126, July 15, 1999]

**§ 306.58 Nontransferable securities.**

The provisions of this subpart, so far as applicable, govern transactions in Treasury Bonds, Investment Series B-1975-80.

**Subpart H—Assignments in Behalf of Estates of Deceased Owners**

**§ 306.65 Special provisions applicable to small amounts of securities, interest checks or redemption checks.**

Entitlement to, or the authority to dispose of, a small amount of securities and checks issued in payment thereof or in payment of interest thereon, belonging to the estate of a decedent, may be established through the use of certain short forms, according to the aggregate amount of securities and checks involved (excluding checks representing interest on the securities), as indicated by the following table:

Amount	Circumstances	Form	To be executed by—
\$100	No administration.	PD2216 ..	Person who paid burial expenses.
500	Estate being administered.	PD2488 ..	Executor or administrator.
500	Estate settled ..	PD2458-1	Former executor or administrator, attorneys or other qualified person.

## § 306.66

### § 306.66 Estates—administration.

(a) *Temporary or special administrators.* Temporary or special administrators may assign securities for any authorized transaction within the scope of their authority. The assignments must be supported by:

(1) *Temporary administrators.* A certificate, under court seal, showing the appointment in full force within thirty days preceding the date of receipt of the securities.

(2) *Special administrators.* A certificate, under court seal, showing the appointment in full force within 6 months preceding the date of receipt of the securities.

Authority for assignments for transactions not within the scope of appointment must be established by a duly certified copy of a special order of court.

(b) *In course of administration.* A security belonging to the estate of a decedent which is being administered by a duly qualified executor or general administrator will be accepted for any authorized transaction upon assignment by such representative. (See § 306.77.) Unless the security is registered in the name of and shows the capacity of the representative, the assignment must be supported by a certificate or a copy of the letters of appointment, certified under court seal. The certificate or certification, if required, must be dated not more than 6 months before the date of the assignment and must contain a statement that the appointment is in full force, unless:

(1) It shows the appointment was made not more than 1 year before the date of the assignment, or

(2) The representative or a corepresentative is a corporation, or

(3) Redemption is being made for application of the proceeds in payment of Federal estate taxes as provided by § 306.28.

(c) *After settlement through court proceedings.* Securities belonging to the estate of a decedent which has been settled in court will be accepted for any authorized transaction upon assignments by the person or persons entitled, as determined by the court. The assignments should be supported by a copy, certified under court seal, of the

## 31 CFR Ch. II (7–1–02 Edition)

decree of distribution, the representative's final account as approved by the court, or other pertinent court records.

### § 306.67 Estates not administered.

(a) *Special provisions under State laws.* If, under State law, a person has been recognized or appointed to receive or distribute the assets of a decedent's estate without regular administration, his assignment of securities belonging to the estate will be accepted provided he submits appropriate evidence of his authority.

(b) *Agreement of persons entitled.* When it appears that no legal representative of a decedent's estate has been or is to be appointed, securities belonging to the estate may be duly disposed of pursuant to an agreement and assignment by all persons entitled to share in the decedent's personal estate. (Form PD 1646 may be used.) However, all debts of the decedent and his estate must be paid or provided for and the interests of any minors or incompetents must be protected.

### § 306.68 Nontransferable securities.

The provisions of this subpart, so far as applicable, govern transactions in Treasury Bonds, Investment Series B–1975–80.

## Subpart I—Assignments by or in Behalf of Trustees and Similar Fiduciaries

### § 306.75 Individual fiduciaries.

(a) *General.* Securities registered in, or assigned to, the names and titles of individual fiduciaries will be accepted for any authorized transaction upon assignment by the designated fiduciaries without proof of their qualification. If the fiduciaries in whose names the securities are registered, or to whom they have been assigned, have been succeeded by other fiduciaries, evidence of successorship must be furnished. If the appointment of a successor is not required under the terms of the trust instrument or otherwise and is not contemplated, assignments by the surviving or remaining fiduciary or fiduciaries must be supported by appropriate proof. This requires:

(1) Proof of the death, resignation, removal or disqualification of the former fiduciary and

(2) Evidence that the surviving or remaining fiduciary or fiduciaries are fully qualified to administer the fiduciary estate, which may be in the form of a certificate by them showing the appointment of a successor has not been applied for, is not contemplated and is not necessary under the terms of the trust instrument or otherwise.

Assignments of securities registered in the titles, without the names of the fiduciaries, for example, "Trustees of the George E. White Memorial Scholarship Fund under deed of trust dated 11/10/40, executed by John W. White," must be supported by proof that the assignors are the qualified and acting trustees of the designated trust estate, unless they are empowered to act as a unit in which case the provisions of §306.76 shall apply. (Form PD 2446 may be used to furnish proof of incumbency of fiduciaries.) Assignments by fiduciaries of securities not registered or assigned in such manner as to show that they belong to the estate for which the assignors are acting must also be supported by evidence that the estate is entitled to the securities.

(b) *Life tenants*. Upon termination of a life estate by reason of the death of the life tenant in whose name a security is registered, or to whom it has been assigned, the security will be accepted for any authorized transaction upon assignment by the remainderman, supported by evidence of entitlement.

**§306.76 Fiduciaries acting as a unit.**

Securities registered in the name of or assigned to a board, committee or other body authorized to act as a unit for any public or private trust estate may be assigned for any authorized transaction by anyone authorized to act in behalf of such body. Except as otherwise provided in this section, the assignments must be supported by a copy of a resolution adopted by the body, properly certified under its seal, or, if none, sworn to by a member of the body having access to its records. (Form PD 2495 may be used.) If the per-

son assigning is designated in the resolution by title only, his incumbency must be duly certified by another member of the body. (Form PD 2446 may be used.) If the fiduciaries of any trust estate are empowered to act as a unit, although not designated as a board, committee or other body, securities registered in their names or assigned to them as such, or in their titles without their names, may be assigned by anyone authorized by the group to act in its behalf. Such assignments may be supported by a sworn copy of a resolution adopted by the group in accordance with the terms of the trust instrument, and proof of their authority to act as a unit may be required. As an alternative, assignments by all the fiduciaries, supported by proof of their incumbency, if not named on the securities, will be accepted.

[38 FR 7078, Mar. 15, 1973; 38 FR 10004, Apr. 23, 1973]

**§306.77 Corepresentatives and fiduciaries.**

If there are two or more executors, administrators, guardians or similar representatives, or trustees of an estate, all must unite in the assignment of any securities belonging to the estate. However, when a statute, a decree of court, or the instrument under which the representatives or fiduciaries are acting provides otherwise, assignments in accordance with their authority will be accepted. If the securities have matured or been called and are submitted for redemption for the account of all, or for redemption-exchange or pursuant to an advance refunding or prerefunding offer, and the securities offered in exchange are to be registered in the names of all, no assignment is required.

**§306.78 Nontransferable securities.**

The provisions of this subpart, so far as applicable, govern assignments of Treasury Bonds, Investment Series B-1975-80.

### Subpart J—Assignments in Behalf of Private or Public Organizations

#### § 306.85 Private corporations and unincorporated associations (including nominees).

Securities registered in the name of, or assigned to, an unincorporated association, or a private corporation in its own right or in a representative or fiduciary capacity, or as nominee, may be assigned in its behalf for any authorized transaction by any duly authorized officer or officers. Evidence, in the form of a resolution of the governing body, authorizing the assigning officer to assign, or to sell, or to otherwise dispose of the securities will ordinarily be required. Resolutions may relate to any or all registered securities owned by the organization or held by it in a representative or fiduciary capacity. (Form PD 1010, or any substantially similar form, may be used when the authority relates to specific securities; Form PD 1011, or any substantially similar form, may be used for securities generally.) If the officer derives his authority from a charter, constitution or bylaws, a copy, or a pertinent extract therefrom, properly certified, will be required in lieu of a resolution. If the resolution or other supporting document shows the title of an authorized officer, without his name, it must be supplemented by a certificate of incumbency. (Form PD 1014 may be used.)

#### § 306.86 Change of name and succession of private organizations.

If a private corporation or unincorporated association changes its name or is lawfully succeeded by another corporation or unincorporated association, its securities may be assigned in behalf of the organization in its new name or that of its successor by an authorized officer in accordance with § 306.85. The assignment must be supported by evidence of the change of name or successorship.

#### § 306.87 Partnerships (including nominee partnerships).

An assignment of a security registered in the name of or assigned to a partnership must be executed by a general partner. Upon dissolution of a

partnership, assignment by all living partners and by the persons entitled to assign in behalf of any deceased partner's estate will be required unless the laws of the jurisdiction authorize a general partner to bind the partnership by any act appropriate for winding up partnership affairs. In those cases where assignments by or in behalf of all partners are required this fact must be shown in the assignment; otherwise, an affidavit by a former general partner must be furnished identifying all the persons who had been partners immediately prior to dissolution. Upon voluntary dissolution, for any jurisdiction where a general partner may not act in winding up partnership affairs, an assignment by a liquidating partner, as such, must be supported by a duly executed agreement among the partners appointing the liquidating partner.

#### § 306.88 Political entities and public corporations.

Securities registered in the name of, or assigned to, a State, county, city, town, village, school district or other political entity, public body or corporation, may be assigned by a duly authorized officer, supported by evidence of his authority.

#### § 306.89 Public officers.

Securities registered in the name of, or assigned to, a public officer designated by title may be assigned by such officer, supported by evidence of incumbency. Assignments for the officer's own apparent individual benefit will not be recognized.

#### § 306.90 Nontransferable securities.

The provisions of this subpart apply to Treasury Bonds, Investment Series B-1975-80.

### Subpart K—Attorneys in Fact

#### § 306.95 Attorneys in fact.

(a) *General.* Assignments by an attorney in fact will be recognized if supported by an adequate power of attorney. Every power must be executed in the presence of an authorized certifying officer under the conditions set



out in § 306.45 for certification of assignments. Powers need not be submitted to support redemption-exchanges or exchanges pursuant to advance refunding or prefunding offers where the securities to be issued are to be registered in the same names and forms as appear in the inscriptions or assignments of the securities surrendered. In all other cases, the original power, or a photocopy showing the grantor's autograph signature, properly certified, must be submitted, together with the security assigned on the owner's behalf by the attorney in fact. An assignment by a substitute attorney in fact must be supported by an authorizing power of attorney and power of substitution. An assignment by an attorney in fact or a substitute attorney in fact for the apparent benefit of either will not be accepted unless expressly authorized. (Form PD 1001 or 1003, as appropriate, may be used to appoint an attorney in fact. An attorney in fact may use Form PD 1006 or 1008 to appoint a substitute. However, any form sufficient in substance may be used.) If there are two or more joint attorneys in fact or substitutes, all must unite in an assignment, unless the power authorizes less than all to act. A power of attorney or of substitution not coupled with an interest will be recognized until the Bureau receives proof of revocation or proof of the grantor's death or incompetency.

(b) *For legal representatives and fiduciaries.* Assignments by an attorney in fact or substitute attorney in fact for a legal representative or fiduciary, in addition to the power of attorney and of substitution, must be supported by evidence, if any, as required by §§ 306.57(d), 306.66(b), 306.75, and 306.76. Powers must specifically designate the securities to be assigned.

(c) *For corporations or unincorporated associations.* Assignments by an attorney in fact or a substitute attorney in fact in behalf of a corporation or unincorporated association, in addition to the power of attorney and power of substitution, must be supported by one of the following documents certified under seal of the organization, or, if it has no seal, sworn to by an officer who has access to the records:

(1) A copy of the resolution of the governing body authorizing an officer to appoint an attorney in fact, with power of substitution, if pertinent, to assign, or to sell, or to otherwise dispose of, the securities, or

(2) A copy of the charter, constitution, or bylaws, or a pertinent extract therefrom, showing the authority of an officer to appoint an attorney in fact, or

(3) A copy of the resolution of the governing body directly appointing an attorney in fact.

If the resolution or other supporting document shows only the title of the authorized officer, without his name, a certificate of incumbency must also be furnished. (Form PD 1014 may be used.) The power may not be broader than the resolution or other authority.

(d) *For public corporations.* A general power of attorney in behalf of a public corporation will be recognized only if it is authorized by statute.

#### § 306.96 Nontransferable securities.

The provisions of this subpart shall apply to nontransferable securities, subject only to the limitations imposed by the terms of the particular issues.

### Subpart L—Transfer Through Judicial Proceedings

#### § 306.100 Transferable securities.

The Department will recognize valid judicial proceedings affecting the ownership of or interest in transferable securities, upon presentation of the securities together with evidence of the proceedings. In the case of securities registered in the names of two or more persons, the extent of their respective interests in the securities must be determined by the court in proceedings to which they are parties or must otherwise be validly established.<sup>10</sup>

<sup>10</sup>Title in a finder claiming ownership of a registered security will not be recognized. A finder claiming ownership of a bearer security or a registered security assigned in blank or so assigned as to become in effect payable to bearer must perfect his title in accordance with the provisions of State law.

*Continued*

**§ 306.101 Evidence required.**

Copies of a final judgment, decree, or order of court and of any necessary supplementary proceedings must be submitted. Assignments by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of his qualification. Assignments by a receiver in equity or a similar court officer must be supported by a copy of an order authorizing him to assign, or to sell, or to otherwise dispose of, the securities. Where the documents are dated more than 6 months prior to presentation of the securities, there must also be submitted a certificate dated within 6 months of presentation of the securities, showing the judgment, decree, or order, or evidence of qualification, is in full force. Any such evidence must be certified under court seal.

**§ 306.102 Nontransferable securities.**

The provisions of this subpart shall apply to Treasury Bonds, Investment Series B-1975-80, except that prior to maturity any reference to assignments shall be deemed to refer to assignments of the bonds for exchange for the current series of 1½ percent 5-year EA or EO Treasury notes.

**Subpart M—Requests for Suspension of Transactions**

**§ 306.105 Requests for suspension of transactions in registered securities.**

(a) *Timely notice.* If prior to the time a registered security bearing an apparently valid assignment has been functioned, a claim is received from the owner or his authorized representative showing that:

(1) The security was lost, stolen, or destroyed and that it was unassigned, or not so assigned as to have become in effect payable to bearer, or

(2) The assignment was affected by fraud, the transaction for which the security was received will be suspended.

The interested parties will be given a reasonable period of time in which to

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If there are no such provisions, the Department will not recognize his title to the security.

effect settlement of their interests by agreement, or to institute judicial proceedings.

(b) *Late notice.* If, after a registered security has been transferred, exchanged, or redeemed in reliance on an apparently valid assignment, an owner notifies the Bureau that the assignment was affected by fraud or that the security had been lost or stolen, the Department will undertake only to furnish available information.

(c) *Forged assignments.* A claim that an assignment of a registered security is a forgery will be investigated. If it is established that the assignment was in fact forged and that the owner did not authorize or ratify it, or receive any benefit therefrom, the Department will recognize his ownership and grant appropriate relief.

**§ 306.106 Requests for suspension of transactions in bearer securities.**

(a) *Securities not overdue.* Neither the Department nor any of its agents will accept notice of any claim or of pending judicial proceedings by any person for the purpose of suspending transactions in bearer securities, or registered securities so assigned as to become in effect payable to bearer which are not overdue as defined in § 306.25.<sup>11</sup>

<sup>11</sup> It has been the longstanding policy of the Department to assume no responsibility for the protection of bearer securities not in the possession of persons claiming rights therein and to give no effect to any notice of such claims. This policy was formalized on April 27, 1867, when the Secretary of the Treasury issued the following statement:

“In consequence of the increasing trouble, wholly without practical benefit, arising from notices which are constantly received at the Department respecting the loss of coupon bonds, which are payable to bearer, and of Treasury notes issued and remaining in blank at the time of loss, it becomes necessary to give this public notice, that the Government cannot protect and will not undertake to protect the owners of such bonds and notes against the consequences of their own fault or misfortune.”

“Hereafter all bonds, notes, and coupons, payable to bearer, and Treasury notes issued and remaining in blank, will be paid to the party presenting them in pursuance of the regulations of the Department, in the course of regular business; and no attention will be paid to caveats which may be filed for the purpose of preventing such payment.”

However, if the securities are received and retired, the department will undertake to notify persons who appear to be entitled to any available information concerning the source from which the securities were received.

(b) *Overdue securities.* Reports that bearer securities, or registered securities so assigned as to become in effect payable to bearer, were lost, stolen, or possibly destroyed after they became overdue as defined in §306.25 will be accepted by the Bureau for the purpose of suspending redemption of the securities if the claimant establishes his interest. If the securities are presented, their redemption will be suspended and the presenter and the claimant will each be given an opportunity to establish ownership.

#### Subpart N—Relief for Loss, Theft, Destruction, Mutilation, or Defacement of Securities

##### §306.110 Statutory authority and requirements.

Relief is authorized, under certain conditions, for the loss, theft, destruction, mutilation or defacement of U.S. securities, whether before, at, or after maturity. A bond of indemnity, in such form and with such surety, sureties or security as may be required to protect the interests of the United States, is required as a condition of relief on account of any bearer security or any registered security assigned in blank or so assigned as to become in effect payable to bearer, and is ordinarily required in the case of unassigned registered securities.

##### §306.111 Procedure for applying for relief.

Prompt report of the loss, theft, destruction, mutilation or defacement of a security should be made to the Bureau. The report should include:

(a) The name and present address of the owner and his address at the time the security was issued, and, if the report is made by some other person, the capacity in which he represents the owner.

(b) The identity of the security by title of loan, issue date, interest rate, serial number and denomination, and in the case of a registered security, the

exact form of inscription and a full description of any assignment, endorsement or other writing.

(c) A full statement of the circumstances.

All available portions of a mutilated, defaced or partially destroyed security must also be submitted.

##### § 306.112 Type of relief granted.

(a) *Prior to call or maturity.* After a claim on account of the loss, theft, destruction, mutilation, or defacement of a security which has not matured or been called has been satisfactorily established and the conditions for granting relief have been met, a security of like description will be issued to replace the original security.

(b) *At or after call or maturity.* Payment will be made on account of the loss, theft, destruction, mutilation, or defacement of a called or matured security after the claim has been satisfactorily established and the conditions for granting relief have been met.

(c) *Interest coupons.* Where relief has been authorized on account of a destroyed, mutilated or defaced coupon security which has not matured or been called, the replacement security will have attached all unmatured interest coupons if it is established to the satisfaction of the Secretary of the Treasury that the coupons were attached to the original security at the time of its destruction, mutilation or defacement. In every other case only those unmatured interest coupons for which the Department has received payment will be attached. The price of the coupons will be their value as determined by the Department at the time relief is authorized using interest rate factors based on then current market yields on Treasury securities of comparable maturities.

##### §306.113 Cases not requiring bonds of indemnity.

A bond of indemnity will not be required as a condition of relief for the loss, theft, destruction, mutilation, or defacement of registered securities in any of the following classes of cases unless the Secretary of the Treasury deems it essential in the public interest:

## § 306.115

(a) If the loss, theft, destruction, mutilation, or defacement, as the case may be, occurred while the security was in the custody or control of the United States, or a duly authorized agent thereof (not including the Postal Service when acting solely in its capacity as public carrier of the mails), or while in the course of shipment effected under regulations issued pursuant to the Government Losses in Shipment Act (parts 260, 261, and 262 of this chapter).

(b) If substantially the entire security is presented and surrendered and the Security of the Treasury is satisfied as to the identity of the security and that any missing portions are not sufficient to form the basis of a valid claim against the United States.

(c) If the security is one which by the provisions of law or by the terms of its issue is nontransferable or is transferable only by operation of law.

(d) If the owner or holder is the United States, a Federal Reserve bank, a Federal Government corporation, a State, the District of Columbia, a territory or possession of the United States, a municipal corporation, or, if applicable, a political subdivision of any of the foregoing, or a foreign government.

### Subpart O—Book-Entry Procedure

#### § 306.115 Definition of terms.

For the purposes of this subpart, the definitions provided in 31 CFR 357.3 are applicable, with the following additions:

*Definitive Treasury security* means a Treasury bond, note, certificate of indebtedness, or bill issued under 31 U.S.C. chapter 31 in engraved or printed form.

*Eligible book-entry Treasury security* means a security maintained in TRADES that was originally issued prior to August 15, 1986, which by the terms of its offering circular is available in either definitive or book-entry form.

[61 FR 43637, Aug. 23, 1996]

## 31 CFR Ch. II (7–1–02 Edition)

#### § 306.116 Scope and effect of book-entry procedure.

(a) Except as provided in § 306.117, the provisions of 31 CFR part 357, subparts A, B, and D apply.

(b) This subpart is effective January 1, 1997.

[61 FR 43637, Aug. 23, 1996]

#### § 306.117 Withdrawal of eligible book-entry Treasury securities for conversion to registered form.

(a) Eligible book-entry Treasury securities may be withdrawn from TRADES by requesting delivery of like definitive Treasury securities.

(b) Public Debt shall, upon receipt of appropriate instructions to withdraw eligible book-entry Treasury securities from book-entry form in TRADES, convert such securities into registered Treasury securities and deliver them in accordance with such instructions; no such conversion shall affect existing interests in such Treasury securities.

(c) All requests for withdrawal of eligible book-entry Treasury securities must be made prior to the maturity or date of call of the securities.

(d) Treasury securities which are to be delivered upon withdrawal may be issued in registered form, to the extent permitted by the applicable offering circular.

[61 FR 43637, Aug. 23, 1996; 64 FR 38126, July 15, 1999]

### Subpart P—Miscellaneous Provisions

#### § 306.125 Additional requirements.

In any case or any class of cases arising under these regulations the Secretary of the Treasury may require such additional evidence and a bond of indemnity, with or without surety, as may in his judgment be necessary for the protection of the interests of the United States.

#### § 306.126 Waiver of regulations.

The Secretary of the Treasury reserves the right, in his discretion, to

waive or modify any provision or provisions of these regulations in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and he is satisfied that such action would not subject the United States to any substantial expense or liability.

**§ 306.127 Preservation of existing rights.**

Nothing contained in these regulations shall limit or restrict existing rights which holders of securities heretofore issued may have acquired under the circulars offering such securities for sale or under the regulations in force at the time of acquisition.

**§ 306.128 Supplements, amendments or revisions.**

The Secretary of the Treasury may at any time, or from time to time, prescribe additional supplemental, amendatory or revised regulations with respect to U.S. securities. The Secretary also may lower the minimum and multiple requirements for stripping marketable Treasury notes and bonds issued prior to March 1, 1993, through an announcement as provided in § 356.31 of this title.

[65 FR 66175, Nov. 3, 2000]

**PART 308—GENERAL REGULATIONS GOVERNING FULL-PAID INTERIM CERTIFICATES**

Sec.

- 308.1 Issue.
- 308.2 Exchange for definitive securities.
- 308.3 Exchanges of denominations.
- 308.4 Applicable regulations.
- 308.5 Reservations.

**AUTHORITY:** 80 Stat. 379; sec. 8. 50 Stat. 481, as amended; secs. 1, 18, 5, 40 Stat. 288, as amended, 1309, as amended, 290, as amended; sec. 32, 30 Stat. 466, as amended; 5 U.S.C. 301; 31 U.S.C. 738a, 752, 753, 754, 756.

**SOURCE:** 6 FR 5289, Oct. 17, 1941, unless otherwise noted.

**§ 308.1 Issue.**

Federal Reserve Banks, as Fiscal Agents of the United States, and the Treasury Department may issue full-

paid interim certificates in lieu of definitive securities, against full-paid allotments of subscriptions, when specifically authorized by the Secretary of the Treasury in connection with the issue, hereafter, to the public, of United States securities. Interim certificates shall be in such form, and in such denominations, as the Secretary of the Treasury may determine when an issue is authorized.

**§ 308.2 Exchange for definitive securities.**

Upon surrender of a full-paid interim certificate to a Federal Reserve Bank, or to the Treasury Department, Washington, DC 20226, the definitive securities described therein, when prepared, will be delivered. Exchanges shall be made on like par amount basis.

**§ 308.3 Exchanges of denominations.**

Pending availability of definitive securities, exchanges of authorized denominations of interim certificates, from higher to lower will be permitted.

**§ 308.4 Applicable regulations.**

Except as may otherwise be provided, and in so far as applicable, the general regulations of the Treasury Department, as contained in part 306 of this subchapter, as amended or revised, shall apply to full-paid interim certificates.

**§ 308.5 Reservations.**

The Secretary of the Treasury reserves the right to withdraw or amend at any time or from time to time any or all of the provisions of this part.

**PART 309—ISSUE AND SALE OF TREASURY BILLS**

Sec.

- 309.1 Authority for issue and sale.
- 309.2 Description of Treasury bills (General).
- 309.3 Denominations and exchange.
- 309.4 Taxation.
- 309.5 Acceptance of Treasury bills for various purposes.
- 309.6 Public notice of offering.
- 309.7 Tenders; submission through Federal Reserve Banks and branches and to the Bureau of the Public Debt.
- 309.8 Tenders; when cash deposit is required.

## § 309.1

- 309.9 Tenders; acceptance by the Secretary of the Treasury.  
309.10 Tenders; reservation of right to reject.  
309.11 Tenders; payment of accepted tenders.  
309.12 Relief on account of loss, theft or destruction, etc.  
309.13 Functions of Federal Reserve Banks.  
309.14 Reservation as to terms of circular.

AUTHORITY: 80 Stat. 379; sec. 8, 50 Stat. 481, as amended; sec. 5, 40 Stat. 290, as amended; 5 U.S.C. 301; 31 U.S.C. 738a, 754.

SOURCE: 41 FR 44006, Oct. 5, 1976, unless otherwise noted.

### § 309.1 Authority for issue and sale.

The Secretary of the Treasury is authorized by the Second Liberty Bond Act, as amended, to issue Treasury bills of the United States on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis, at such price or prices and with interest computed in such manner and payable at such time or times as he may prescribe; and to fix the form, terms, and conditions thereof, and to offer them for sale on a competitive or other basis, under such regulations and upon such terms and conditions as he may prescribe. Pursuant to said authorization, the Secretary of the Treasury may, from time to time, by public notice, offer Treasury bills for sale, and invite tenders therefor, through the Federal Reserve Banks and branches and through the Department of the Treasury, Bureau of the Public Debt. The Treasury bills so offered, and the tenders made, will be subject to the terms and conditions and to the general rules and regulations herein set forth, except as they may be modified in the public notices issued by the Secretary of the Treasury in connection with particular offerings.<sup>1</sup>

### § 309.2 Description of Treasury bills (General).

Treasury bills are bearer obligations of the United States promising to pay a specified amount on a specified date. They will be payable at maturity upon presentation to the Bureau of the Public Debt, Washington, DC 20226, or to

<sup>1</sup>Accordingly, these regulations do not constitute a specific offering of Treasury bills.

## 31 CFR Ch. II (7-1-02 Edition)

any Federal Reserve Bank or branch. Treasury bills are issued only by Federal Reserve Banks and branches and the Bureau of the Public Debt pursuant to tenders accepted by the Secretary of the Treasury, and shall not be valid unless the issue date and the maturity date are entered thereon. Treasury bills bearing the same issue date and the same maturity date shall constitute a series.

### § 309.3 Denominations and exchange.

Treasury bills will be issued in denominations (maturity value) of \$10,000, \$15,000, \$50,000, \$100,000, \$500,000, and \$1,000,000. Exchanges from higher to lower and lower to higher denominations of the same series (bearing the same issue and maturity dates) will be permitted at Federal Reserve Banks and branches and at the Bureau of the Public Debt, Washington, DC 20226. Insofar as applicable, the general regulations of the Treasury Department governing transactions in bonds and notes will govern transactions in Treasury bills.

### § 309.4 Taxation.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest.

### § 309.5 Acceptance of Treasury bills for various purposes.

(a) *Acceptable as security for public deposits.* Treasury bills will be acceptable at maturity value to secure deposits of public monies.

(b) *Acceptable in payment of taxes.* The Secretary of the Treasury, in his discretion, when inviting tenders for Treasury bills, may provide that Treasury bills of any series will be acceptable at maturity value, whether at or before maturity, under such rules and regulations as he shall prescribe or approve, in payment of income taxes payable under the provisions of the Internal Revenue Code. Treasury bills which by the terms of their issue are acceptable in payment of income taxes may be surrendered to any Federal Reserve Bank or Branch, acting as fiscal agent of the United States, or to the Bureau of the Public Debt, Washington, DC 20226, 15 days or less before the date on which the taxes become due.

(1) In the case of payments of corporation income taxes (including payments of estimates) for taxable years ending on or after December 31, 1967, the bills shall be accompanied by a preinscribed Form 503, Federal Tax Deposit, Corporation Income Taxes, on which the face amount of the bills being surrendered should be entered in the space provided for the amount of the tax deposit. The office receiving the bills and Form 503 will acknowledge receipt of the bills to the owner corporation and effect the tax deposit on the date on which the taxes become due. Accordingly, in these cases, it will no longer be necessary to submit receipts for Treasury bills to the Internal Revenue Service with the corporation's declaration or tax return.

(2) In the case of payments of all other income taxes the office receiving the bills will issue receipts (in duplicate) to the owners. The original of the receipt shall be submitted, by the owner, in lieu of the bills, together with the tax return, to the District Director, Internal Revenue Service.

(c) *Discounting by Federal Reserve Bank of notes secured by Treasury bills.* Notes secured by Treasury bills are eligible for discount or rediscount at Federal Reserve Banks as provided under the provisions of section 13 of the Federal Reserve Act, as are notes secured by bonds and notes of the United States.

(d) *Acceptable in connection with foreign obligations held by United States.* Treasury bills will be acceptable at

maturity, but not before, in payment of interest or of principal on account of obligations of foreign governments held by the United States.

#### **§ 309.6 Public notice of offering.**

When Treasury bills are to be offered, tenders therefor will be invited through public notice given by the Secretary of the Treasury. Such public notices may be issued by the Secretary of the Treasury in the name of "the Treasury Department" with the same force and effect as if issued in the name of the Secretary of the Treasury. In such notice there will be set forth the amount of Treasury bills for which tenders are then invited, the date of issue, the date or dates when such bills will become due and payable, the date and closing hour for the receipt of tenders at the Federal Reserve Banks and branches and at the Bureau of the Public Debt, Washington, DC 20226, and the date on which payment for accepted tenders must be made or completed.

#### **§ 309.7 Tenders; submission through Federal Reserve Banks and branches and to the Bureau of the Public Debt.**

Tenders in response to any such public notice will be received at the Federal Reserve Banks, or Branches thereof and at the Bureau of the Public Debt, Washington, DC 20226, and unless received before the time fixed for closing will be disregarded. Each tender must be for a minimum amount of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000 (maturity value). In the case of competitive tenders the price or prices offered by the bidder for the amount or amounts (at maturity value) applied for must be stated, and must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used.

#### **§ 309.8 Tenders; when cash deposit is required.**

Tenders should be submitted on the printed forms and forwarded in the special envelopes which will be supplied on application to any Federal Reserve Bank, or Branch or to the Bureau of the Public Debt, Washington, DC 20226. If a special envelope is not available, the inscription "Tender for Treasury

## § 309.9

Bills" should be placed on the envelope used. The instructions set forth in the public notice announcing the offering should be observed with respect to the submission of tenders. Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions, will not be permitted to submit tenders except for their own account. Tenders from incorporated banks and trust companies, and from responsible and recognized dealers in investment securities will be received without deposit. Tenders from all others must be accompanied by a payment of such percent of the face amount of the Treasury bills applied for as the Secretary of the Treasury may from time to time prescribe: *Provided, however*, That such deposit will not be required if the tender is accompanied by an express guaranty of payment in full by an incorporated bank or trust company. Forfeiture of the prescribed payment may be declared by the Secretary of the Treasury, if payment is not completed, in the case of accepted tenders, on the prescribed date.

### **§ 309.9 Tenders; acceptance by the Secretary of the Treasury.**

At the time fixed for closing, as specified in the public notice, all tenders received by the Federal Reserve Banks and Branches and by the Bureau of the Public Debt will be opened. The Secretary of the Treasury will determine the acceptable prices offered and will make public announcement thereof; those submitting tenders will be advised of the acceptance or rejection thereof, and payment on accepted tenders must be made or completed on the date specified in the public notice.

### **§ 309.10 Tenders; reservation of right to reject.**

In considering the acceptance of tenders, the highest prices offered will be accepted in full down to the amount required, and if the same price appears in two or more tenders and it is necessary to accept only a part of the amount offered at such price, the amount accepted at such price will be prorated in accordance with the respective amounts applied for. However, the

## 31 CFR Ch. II (7-1-02 Edition)

Secretary of the Treasury expressly reserves the right on any occasion to accept non-competitive tenders entered in accordance with specific offerings, to reject any or all tenders or parts of tenders, and to award less than the amount applied for; and any action he may take in any such respect or respects shall be final.

### **§ 309.11 Tenders; payment of accepted tenders.**

Settlement for accepted tenders in accordance with the bids must be made or completed at the appropriate Federal Reserve Bank or branch or at the Bureau of the Public Debt in cash or other immediately available funds on or before the date specified, except that the Secretary of the Treasury, in his discretion, when inviting tenders for Treasury bills, may provide:

(a) That any qualified depository may make such settlement by credit, on behalf of itself and its customers, up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District or

(b) That such settlement may be made in maturing Treasury bills accepted in exchange.

Whenever the Secretary provides for settlement in maturing Treasury bills, cash adjustments will be made for differences between the par value of the maturing bills and the issue price of the new bills.

### **§ 309.12 Relief on account of loss, theft or destruction, etc.**

(a) Relief on account of the loss, theft, destruction, mutilation or defacement of Treasury bills may be given only under the authority of, and subject to the conditions set forth in section 8 of the act of July 8, 1937 (50 Stat. 481), as amended (31 U.S.C. 738a) and the regulations pursuant thereto in (Treasury Department Circular No. 300 insofar as applicable.

(b) In case of the loss, theft, destruction, mutilation or defacement of Treasury bills, immediate advice, with a full description of the bill or bills involved, should be sent to the Bureau of the Public Debt, Division of Securities



## Fiscal Service, Treasury

## § 312.3

Operations, Department of the Treasury, Washington, DC 20226, either direct or through any Federal Reserve Bank or Branch, and, if relief under the statutes may be given, instructions and necessary blank forms will be furnished.

### § 309.13 Functions of Federal Reserve Banks.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform all such acts as may be necessary to carry out the provisions of this circular and of any public notice or notices issued in connection with any offering of Treasury bills.

### § 309.14 Reservation as to terms of circular.

The Secretary of the Treasury reserves the right further to amend, supplement, revise or withdraw all or any of the provisions of this circular at any time, or from time to time.

## PART 312—FEDERAL SAVINGS AND LOAN ASSOCIATIONS AND FEDERAL CREDIT UNIONS AS FISCAL AGENTS OF THE UNITED STATES

NOTE: Pursuant to the regulations in this part, the Acting Secretary of the Treasury on September 15, 1936, designated for employment as fiscal agents of the United States for the purpose of taking applications solely from their own members and forwarding remittances for, and making delivery of, United States Savings Bonds, all Federal savings and loan associations and Federal credit unions in good standing having five hundred or more members, and further designated all Federal savings and loan associations in good standing for employment as fiscal agents of the United States, for the purpose of collecting delinquent accounts arising out of insurance and loan transactions of the Administrator under Title I of the National Housing Act, and making investigations and rendering reports respecting the said delinquencies as may be directed from time to time by the Administrator.

Pursuant to these same regulations, the Fiscal Assistant Secretary has now designated for employment, as fiscal agents of the United States, for the purpose of taking applications from nonmembers, as well as their own members, and forwarding remittances for, and making delivery of United States Savings Bonds, all Federal credit unions in good standing.

Sec.

312.1 Authority.

312.2 [Reserved]

312.3 Collections, investigations, and reports for the Federal Housing Administration.

312.4 Bond of indemnity.

312.5 Fiscal agents to serve without compensation.

312.6 Applications other than to Federal Reserve Banks.

AUTHORITY: Secs. 5(k), 17, 48 Stat. 646, 1222; 12 U.S.C. 1464(k), 1767.

SOURCE: 1 FR 1587, Sept. 17, 1936, unless otherwise noted; 57 FR 34684, Aug. 6, 1992.

CROSS REFERENCES: For National Credit Union Administration, see 12 CFR chapter VII. For Farm Credit Administration, see 12 CFR chapter VI. For Federal Home Loan Bank Board, see 12 CFR chapter V. For Federal Housing Commissioner, Office of Assistant Secretary for Housing, Department of Housing and Urban Development, see 24 CFR chapter II.

### § 312.1 Authority.

(a) *Home Owners' Loan Act.* Section 5(k) of the Home Owners' Loan Act of 1933, as amended (48 Stat. 645; 12 U.S.C. 1464(k)), is as follows:

(k) When designated for that purpose by the Secretary of the Treasury, any Federal savings and loan association \* \* \* may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it \* \* \*.

(b) *Federal Credit Union Act.* Section 17 of the Federal Credit Union Act (48 Stat. 1222; 12 U.S.C. 1767) is as follows:

Each Federal credit union organized under this Act, when requested by the Secretary of the Treasury, shall act as fiscal agent of the United States and shall perform such services as the Secretary of the Treasury may require in connection with \* \* \* the lending, borrowing, and repayment of money by the United States, including the issue, sale, redemption or repurchase of bonds, notes, Treasury certificates of indebtedness, or other obligations of the United States \* \* \*.

### § 312.2 [Reserved]

### § 312.3 Collections, investigations, and reports for the Federal Housing Administration.

Federal savings and loan associations, when designated for employment as fiscal agents of the United States for

## § 312.4

the purpose of collecting delinquent accounts arising out of insurance and loan transactions of the Administrator under Title I of the National Housing Act (48 Stat. 1246, 1247; 12 U.S.C. 1702-1706), and making investigations and rendering reports respecting the said delinquencies as may be directed from time to time by the Administrator, shall promptly forward remittances in the form collected to the Commissioner of the Federal Housing Administration, except, that remittances received in cash should be forwarded in the form of money order or check.

### § 312.4 Bond of indemnity.

No Federal savings and loan association or Federal credit union which may have been designated for employment mentioned in this part shall perform, or make any effort to perform any of the acts included in such employment, or advertise in any manner that it is authorized to perform such acts until it has qualified by the execution of, delivery to, and approval of a bond of indemnity in favor of the United States with satisfactory surety, or with the pledge of collateral security as provided in part 225 of this chapter, conditioned upon the faithful performance of the obligor's duties as fiscal agent of the United States in the principal amount of \$1,000 and until the Federal Home Loan Bank Board or the Bureau of Federal Credit Unions, Department of Health, Education, and Welfare, respectively, shall have certified to the Secretary of the Treasury that such association or credit union is in good standing and is eligible, under the terms and conditions prescribed by the Secretary, to qualify for the performance of the designated acts. The Federal Home Loan Bank Board and the Bureau of Credit Unions, respectively, shall keep the Secretary of the Treasury currently advised of the changes in the lists of associations and credit unions which are eligible, under the aforesaid terms and conditions, to qualify for the performance of the designated acts.

[32 FR 3447, Mar. 2, 1967]

## 31 CFR Ch. II (7-1-02 Edition)

### § 312.5 Fiscal agents to serve without compensation.

All of the fiscal agency employment mentioned in this part shall be performed without compensation, reimbursement for expenses, or allowance of service charges.

### § 312.6 Applications other than to Federal Reserve Banks.

Nothing contained in this part shall be construed as preventing such associations and credit unions, if they desire to assume such responsibility, from acting as agents of prospective purchasers in making applications to, and obtaining United States Savings Bonds from post offices or other designated places of issuance.

## PART 315—REGULATIONS GOVERNING U.S. SAVINGS BONDS, SERIES A, B, C, D, E, F, G, H, J, AND K, AND U.S. SAVINGS NOTES

### Subpart A—General Information

- Sec.  
315.0 Applicability.  
315.1 Official agencies.  
315.2 Definitions.

### Subpart B—Registration

- 315.5 General rules.  
315.6 Restrictions on registration.  
315.7 Authorized forms of registration.

### Subpart C—Limitations on Annual Purchases

- 315.10 Limitations.  
315.11 Excess purchases.

### Subpart D—Limitations on Transfer or Pledge

- 315.15 Transfer.  
315.16 Pledge.

### Subpart E—Limitations on Judicial Proceedings—No Stoppage or Caveats Permitted

- 315.20 General.  
315.21 Payment to judgment creditors.  
315.22 Payment or reissue pursuant to judgment.

## Fiscal Service, Treasury

## § 315.0

315.23 Evidence.

### Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds

315.25 General.

315.26 Application for relief—after receipt of bond.

315.27 Application for relief—nonreceipt of bond.

315.28 Recovery or receipt of bond before or after relief is granted.

315.29 Adjudication of claims.

### Subpart G—Interest

315.30 Series E bonds and savings notes.

315.31 Series H bonds.

315.32 Series A, B, C, D, F, G, J, and K bonds.

### Subpart H—General Provisions for Payment

315.35 Payment (redemption).

315.36 Payment during life of sole owner.

315.37 Payment during lives of both co-owners.

315.38 Payment during lifetime of owner of beneficiary bond.

315.39 Surrender for payment.

315.40 Special provisions for payment.

315.41 Partial redemption.

315.42 Nonreceipt or loss of check issued in payment.

315.43 Effective date of request for payment.

315.44 Withdrawal of request for payment.

### Subpart I—Reissue and Denominational Exchange

315.45 General.

315.46 Effective date of request for reissue.

315.47 Authorized reissue—during lifetime.

315.48 Restrictions on reissue.

315.49 Correction of errors.

315.50 Change of name.

315.51 Requests for reissue.

### Subpart J—Certifying Officers

315.55 Individuals authorized to certify.

315.56 General instructions and liability.

315.57 When a certifying officer may not certify.

315.58 Forms to be certified.

### Subpart K—Minors, Incompetents, Aged Persons, Absentees, et al.

315.60 Conditions for payment to representative of an estate.

315.61 Payment after death.

315.62 Payment to minors.

315.63 Payment to a parent or other person on behalf of a minor.

315.64 Payment, reinvestment, or exchange—voluntary guardian of an incapacitated person.

315.65 Reissue.

### Subpart L—Deceased Owner, Coowner or Beneficiary

315.70 General rules governing entitlement.

315.71 Estate administered.

315.72 Estate not administered.

### Subpart M—Fiduciaries

315.75 Payment or reissue during the existence of the fiduciary estate.

315.76 Payment or reissue after termination of the fiduciary estate.

315.77 Exchanges by fiduciaries.

### Subpart N—Private Organizations (Corporations, Associations, Partnerships, etc.) and Governmental Agencies, Units and Officers

315.80 Payment to corporations or unincorporated associations.

315.81 Payment to partnerships.

315.82 Reissue or payment to successors of corporations, unincorporated associations, or partnerships.

315.83 Reissue or payment on dissolution of corporation or partnership.

315.84 Payment to certain institutions.

315.85 Reissue in name of trustee or agent for reinvestment purposes.

315.86 Reissue upon termination of investment agency.

315.87 Payment to governmental agencies, units, or their officers.

### Subpart O—Miscellaneous Provisions

315.90 Waiver of regulations.

315.91 Additional requirements; bond of indemnity.

315.92 Preservation of rights.

315.93 Supplements, amendments, or revisions.

AUTHORITY: 31 U.S.C. 3105 and 5 U.S.C. 301.

SOURCE: 45 FR 64091, Sept. 26, 1980, unless otherwise noted.

### Subpart A—General Information

#### § 315.0 Applicability.

The regulations in this circular, Department of the Treasury Circular No. 530, and the provisions of the respective offering circulars, govern—

(a) United States Savings Bonds of Series E and Series H and United States Savings Notes, and

**§ 315.1**

**31 CFR Ch. II (7–1–02 Edition)**

(b) United States Savings Bonds of Series A, B, C, D, F, G, J, and K, all of which have matured and are no longer earning interest.

The regulations in Department of the Treasury Circular, Public Debt Series No. 3–80 (31 CFR, part 353), govern United States Savings Bonds of Series EE and Series HH.

**§ 315.1 Official agencies.**

(a) The Bureau of the Public Debt of the Department of the Treasury is responsible for administering the Savings Bonds Program. Authority to process

most transactions has been delegated to Federal Reserve Banks and Branches in the list below, as fiscal agents of the United States.

(b) Communications concerning transactions and requests for forms should be addressed to:

(1) A Federal Reserve Bank or Branch in the list below; the Bureau of the Public Debt, 200 Third Street, Parkersburg, WV 26101; or the Bureau of the Public Debt, Washington, DC 20226.

(2)(i) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, Vt, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(ii) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

[45 FR 64091, Sept. 26, 1980, as amended at 59 FR 10534, Mar. 4, 1994]

**§ 315.2 Definitions.**

As used in these regulations—

(a) *Bond* means a United States Savings Bond of any series except EE and HH, unless the context indicates otherwise. General references to bonds and direct references to Series E bonds also include United States Savings Notes, unless specifically excluded.

(b) *Extended maturity period* means any period after the original maturity date during which the owner may retain a bond and continue to earn interest on the maturity value or extended maturity value under applicable provisions of the circular offering the bond for sale.

(c) *Extended maturity value* is the value of a bond at the end of the applicable extended maturity period.

(d) *Final extended maturity date* is the date on which a bond will mature and cease to bear interest at the end of the final extended maturity period.

(e) *Incompetent* means an individual who is incapable of handling his or her business affairs because of a legal, mental or medically-established physical disability, except that a minor is not an incompetent solely because of age.

(f) *Issuing agent* means an organization that has been qualified under the provisions of Department of the Treasury Circular, Public Debt Series No. 4–67, current revision (31 CFR part 317), to issue savings bonds.

(g) *Original maturity date* means the date on which the bond reaches the end of the term for which it was initially offered and, unless further extended, ceases to earn interest.

(h) *Paying agent* means a financial institution that has been qualified under the provisions of Department of the Treasury Circular No. 750, current revision (31 CFR part 321), to make payment of savings bonds.

(i) *Payment* means redemption, unless otherwise indicated by context.

(j) *Person* means any legal entity including, but without limitation, and individual, corporation (public or private), partnership, unincorporated association, or fiduciary estate.

(k) *Personal trust estates* means trust estates established by natural persons in their own right for the benefit of themselves or other natural persons in whole or in part, and common trust funds comprised in whole or in part of such trust estates.

(l) *Reissue* means the cancellation and retirement of a bond and the issuance of a new bond or bonds of the same series, same issue date, and same total face amount.

(m) *Representative of the estate of a minor, incompetent, aged person, absentee, et al.* means the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the individual. The term does not include parents in their own right, voluntary or natural guardians, or the executors or administrators of decedents' estates.

(n) *Surrender* means the actual receipt of a bond with an appropriate request for payment or reissue by either a Federal Reserve Bank or Branch, the Bureau of the Public Debt, or, if a paying agent is authorized to handle the transaction, the actual receipt of the bond and the request for payment by the paying agent.

(o) *Taxpayer identifying number* means a social security account number or an employer identification number.

(p) *Voluntary guardian* means an individual who is recognized as authorized to act for an incompetent, as provided by § 315.64.

## Subpart B—Registration

### § 315.5 General rules.

(a) *Registration is conclusive of ownership.* Savings bonds are issued only in registered form. The registration must express the actual ownership of, and in-

terest in, the bond. The registration is conclusive of ownership, except as provided in § 315.49.

(b) *Requests for registration.* Registrations requested must be clear, accurate and complete, conform substantially with one of the forms set forth in this subpart, and include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable. The registration of all bonds owned by the same person, organization, or fiduciary should be uniform with respect to the name of the owner and any description of the fiduciary capacity. An individual should be designated by the name he or she is ordinarily known by or uses in business, including at least one full given name. The name may be preceded or followed by any applicable title, such as *Miss, Mr., Mrs., Ms., Dr., Rev., M.D.,* or *D.D.* A suffix, such as *Sr.* or *Jr.*, must be included when ordinarily used or when necessary to distinguish the owner from another member of his family. A married woman's own given name, not that of her husband, must be used; for example, *Mary A. Jones* or *Mrs. Mary A. Jones*, NOT *Mrs. Frank B. Jones*. The address must include, where appropriate, the number and street, route, or any other local feature, city, State, and ZIP Code.

### § 315.6 Restrictions on registration.

(a) *Natural persons.* Only an individual in his or her own right may be designated as coowner or beneficiary along with any other individual, whether on original issue or reissue, except as provided in § 315.7(g).

(b) *Residence.* The designation of an owner or first-named coowner is restricted, on original issue only, to persons (whether individuals or others) who are—

(1) Residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the former Canal Zone;

(2) Citizens of the United States residing abroad;

(3) Civilian employees of the United States or members of its armed forces, regardless of their residence or citizenship; and

### §315.7

(4) Residents of Canada or Mexico who work in the United States but only if the bonds are purchased on a payroll deduction plan and the owner provides a taxpayer identifying number.

A nonresident alien may be designated coowner or beneficiary or, on authorized reissue, owner, unless the nonresident alien is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities. See Department of the Treasury Circular No. 655, current revision (31 CFR part 211). Registration is not permitted in any form which includes the name of any alien who is a resident of any restricted area.

(c) *Minors.* (1) Minors may purchase with their wages, earnings, or other funds belonging to them and under their control bonds registered in their names alone or with a coowner or beneficiary.

(2) Bonds purchased by another person with funds belonging to a minor not under legal guardianship or similar fiduciary estate must be registered, without a coowner or beneficiary, in the name of the minor or a natural guardian on behalf of a minor.

(3) Bonds purchased with funds of another may be registered to name the minor as owner, coowner, or beneficiary. If the minor is under legal guardianship or similar fiduciary estate, the registration must include an appropriate reference to it.

(4) Bonds purchased as a gift to a minor under a gifts-to-minors statute must be registered as prescribed by the statute and no coowner or beneficiary may be named.

(5) Bonds purchased by a representative of a minor's estate must be registered in the name of the minor and must include in the registration an appropriate reference to the guardianship or similar fiduciary estate. Bonds purchased by a representative of the estates of two or more minors, even though appointed in a single proceeding, must be registered in the name of each minor separately with appropriate reference to the guardianship or similar fiduciary estate.

### 31 CFR Ch. II (7-1-02 Edition)

(d) *Incompetents.* Bonds may be registered to a name as owner, coowner, or beneficiary an incompetent for whose estate a guardian or similar representative has been appointed, except that a coowner or beneficiary may not be named on bonds purchased with funds belonging to the incompetent. The registration must include appropriate reference to the guardianship or similar fiduciary estate. Bonds should not be registered in the name of an incompetent unless there is a representative for his or her estate, except as provided in §315.64.

#### §315.7 Authorized forms of registration.

(a) *General.* Subject to any limitations or restrictions contained in these regulations on the right of any person to be named as owner, coowner, or beneficiary, bonds should be registered as indicated below. A savings bond inscribed in a form not substantially in agreement with one of the forms authorized by this subpart is not considered validly issued.

(b) *Natural persons.* A bond may be registered in the names of individuals in their own right, but only in one of the forms authorized by this paragraph.

(1) *Single ownership form.* A bond may be registered in the name of one individual. Example:

John A. Jones 123-45-6789.

(2) *Coownership form.* A bond may be registered in the names of two individuals in the alternative as coowners. The form of registration "A and B" is not authorized. Examples:

John A. Jones 123-45-6789 or Ella S. Jones 987-65-4321.

John A. Jones 123-45-6789 or (Miss, Ms. or Mrs.) Ella S. Jones.

Ella S. Jones 987-65-4321 or John A. Jones.

(3) *Beneficiary form.* A bond may be registered in the name of one individual payable on death to another. "Payable on death to" may be abbreviated to "P.O.D." Examples:

John A. Jones 123-45-6789 payable on death to Mrs. Ella S. Jones.

John A. Jones 123-45-6789 P.O.D. Ella S. Jones 987-65-4321.

## Fiscal Service, Treasury

## §315.7

(c) *Fiduciaries (including legal guardians and similar representatives, certain custodians, natural guardians, executors, administrators, and trustees)*—(1) *General*. A bond may be registered in the name of any person or persons or any organization acting as fiduciary of a single fiduciary estate, but not where the fiduciary will hold the bond merely or principally as security for the performance of a duty, obligation, or service. Registration should conform to a form authorized by this paragraph. A coowner or beneficiary may be named only in accordance with the applicable provisions of §315.6(c) and (d). A common trust fund established and maintained by a financial institution authorized to act as a fiduciary will be considered a single fiduciary estate within the meaning of these regulations.

(2) *Legal guardians, conservators, similar representatives, certain custodians*. A bond may be registered in the name and title or capacity of the legally appointed or authorized representative of the estate of a minor, incompetent, aged or infirm person, absentee, et al., or in the name of that individual followed by an appropriate reference to the estate. Examples:

Tenth National Bank, guardian (or conservator, trustee, etc.) of the estate of George N. Brown 123-45-6789, a minor (or an incompetent, aged person, infirm person, or absentee).

Henry C. Smith, conservator of the estate of John R. White 123-45-6789, an adult, pursuant to Sec. 633.572 of the Iowa Code.

John F. Green 123-45-6789, a minor (or an incompetent) under custodianship by designation of the Veterans Administration.

Frank M. Redd 123-45-6789, an incompetent for whom Eric A. Redd has been designated trustee by the Department of the Army pursuant to 37 U.S.C. 602.

Arnold A. Ames, as custodian for Barry B. Bryan 123-45-6789, under the California Uniform Gifts to Minors Act.

Thomas J. Reed, as custodian for Lawrence W. Reed 123-45-6789, a minor, under the laws of Georgia.

Richard A. Rowe 123-45-6789, for whom Reba L. Rowe is representative payee for social security benefits (or black lung benefits, as the case may be). (If the beneficiary is a minor, the words "a minor" should appear immediately after the social security number.)

Henry L. Green 123-45-6789 or George M. Brown, a minor under legal guardianship of the Tenth National Bank.

Henry L. Green 123-45-6789 P.O.D. George M. Brown, a minor under legal guardianship of the Tenth National Bank.

Redd State Hospital and School, selected payee for John A. Jones 123-45-6789, a Civil Service annuitant, pursuant to 5 U.S.C. 8345(e).

(3) *Natural guardians*. A bond may be registered in the name of either parent of a minor, as natural guardian. The registration of a bond in this form is considered as establishing a fiduciary relationship. A coowner or beneficiary may be named but only if the funds used to purchase the bond do not belong to the minor. Examples:

John A. Jones, as natural guardian for Henry M. Jones 123-45-6789.

Melba Smith, as natural guardian for Thelma Smith 123-45-6789 P.O.D. Bartholomew Smith.

(4) *Executors and administrators*. A bond may be registered in the name of the representative appointed by a court to act for an estate of a decedent, or in the name of an executor authorized to administer a trust under the terms of a will although not named trustee. The name and capacity of all the representatives as shown in the letters of appointment must be included in the registration and be followed by an adequate identifying reference to the estate. Examples:

John H. Smith and Calvin N. Jones, executors of the will (or administrators of the estate) of Robert J. Smith, deceased 12-3456789.

John H. Smith, executor of the will of Robert J. Smith, deceased, in trust for Mrs. Jane L. Smith, with remainder over 12-3456789.

(5) *Trustee or life tenants under wills, deeds of trust, agreements, or similar instruments*. A bond may be registered in the name and title of the trustee of a trust estate, or in the name of a life tenant, followed by an adequate identifying reference to the authority governing the trust or life tenancy. Examples:

Thomas J. White and Tenth National Bank, trustees under the will of Robert J. Smith, deceased 12-3456789.

Jane N. Black 123-45-6789, life tenant under the will of Robert J. Black, deceased.

### §315.7

### 31 CFR Ch. II (7-1-02 Edition)

Tenth National Bank, trustee under agreement with Paul E. White, dated 2/1/76, 12-3456789.

Carl A. Black and Henry B. Green, trustees under agreement with Paul E. White, dated 2/1/76, 12-3456789.

Paul E. White, trustee under declaration of trust dated 2/1/76, 12-3456789.

(i) If the trust instrument designates by title only an officer of a board or an organization as trustee, only the title of the officer should be used. Example:

Chairman, Board of Trustees, First Church of Christ, Scientist, of Chicago, Illinois, in trust under the will of Robert J. Smith, deceased 12-3456789.

(ii) The names of all trustees, in the form used in the trust instrument, must be included in the registration, except as follows:

(A) If there are several trustees designated as a board or they are required to act as a unit, their names may be omitted and the words "Board of Trustees" substituted for the word "trustee". Example:

Board of Trustees of Immediate Relief Trust of Federal Aid Association, under trust indenture dated 2/1/76, 12-3456789.

(B) If the trustees do not constitute a board or are not required to act as a unit, and are too numerous to be designated in the registration by names and title, some or all the names may be omitted. Examples:

John A. Smith, Henry B. Jones, et al., trustees under the will of Edwin O. Mann, deceased 12-3456789.

Trustees under the will of Edwin O. Mann, deceased 12-3456789.

(6) *Employee thrift, savings, vacation and similar plans.* A bond may be registered in the name and title, or title alone, of the trustee of an eligible employee thrift, savings, vacation or similar plan, as defined in §316.5, of Department of the Treasury Circular No. 653, current revision. If the instrument creating the trust provides that the trustees shall serve for a limited term, their names may be omitted. Examples:

Tenth National Bank, trustee of Pension Fund of Safety Manufacturing Company, U/A with the company, dated March 31, 1976, 12-3456789.

Trustees of Retirement Fund of Safety Manufacturing Company, under directors' resolution adopted March 31, 1976, 12-3456789.

County Trust Company, Trustee of the Employee Savings Plan of Jones Company, Inc., U/A dated January 17, 1976, 12-3456789.  
Trustee of the Employee Savings Plan of Brown Brothers, Inc., U/A dated January 20, 1976, 12-3456789.

(7) *Funds of lodges, churches, societies, or similar organizations.* A bond may be registered in the title of the trustees, or a board of trustees, holding funds in trust for a lodge, church, or society, or similar organization, whether or not incorporated. Examples:

Trustees of the First Baptist Church, Akron, Ohio, acting as a Board under section 15 of its bylaws 12-3456789.

Trustees of Jamestown Lodge No. 1000, Benevolent and Protective Order of Elks, under section 10 of its bylaws 12-3456789.

Board of Trustees of Lotus Club, Washington, Indiana, under Article 10 of its constitution 12-3456789.

(8) *Investment agents for religious, educational, charitable and non-profit organizations.* A bond may be registered in the name of a bank, trust company, or other financial institution, or an individual, as agent under an agreement with a religious, educational, charitable or non-profit organization, whether or not incorporated, if the agent holds funds for the sole purpose of investing them and paying the income to the organization. The name and designation of the agent must be followed by an adequate reference to the agreement. Examples:

Tenth National Bank, fiscal agent U/A with the Evangelical Lutheran Church of the Holy Trinity, dated 12/28/76, 12-3456789.

Sixth Trust Company, Investment Agent U/A dated September 16, 1976, with Central City Post, Department of Illinois, American Legion, 12-3456789.

John Jones, Investment Agent U/A dated September 16, 1976, with Central City Post, Department of Illinois, American Legion, 12-3456789.

(9) *Funds of school groups or activities.* A bond may be registered in the title of the principal or other officer of a public, private, or parochial school holding funds in trust for a student body fund or for a class, group, or activity. If the amount purchased for any one fund does not exceed \$2,500 (face amount), no reference need be made to a trust instrument. Examples:



## Fiscal Service, Treasury

## §315.7

Principal, Western High School, in trust for the Class of 1976 Library Fund, 12-3456789.  
Director of Athletics, Western High School, in trust for Student Activities Association, under resolution adopted 5/12/76, 12-3456789.

(10) *Public corporations, bodies, or officers as trustees.* A bond may be registered in the name of a public corporation or a public body, or in the title of a public officer, acting as trustee under express authority of law, followed by an appropriate reference to the statute creating the trust. Examples:

Rhode Island Investment Commission, trustee of the General Sinking Fund under Title 35, Ch. 8, Gen. Laws of Rhode Island.  
Superintendent of the Austin State Hospital Annex, in trust for the Benefit Fund under Article 3183C, Vernon's Civ. Stat. of Texas Ann.

(d) *Private organizations (corporations, associations, partnerships)*—(1) *General.* A bond may be registered in the name of any private organization in its own right. The full legal name of the organization as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other authority from which its powers are derived, must be included in the registration and may be followed by a parenthetical reference to a particular account other than a trust account.

(2) *Corporations.* A bond may be registered in the name of a business, fraternal, religious, non-profit, or other private corporation. The words "a corporation" must be included in the registration unless the fact of incorporation is shown in the name. Examples:

Smith Manufacturing Company, a corporation 12-3456789.  
Green and Redd, Inc. 12-3456789 (Depreciation Acct.).

(3) *Unincorporated associations.* A bond may be registered in the name of a club, lodge, society, or a similar self-governing association which is unincorporated. The words "an unincorporated association" must be included in the registration. This form of registration must not be used for a trust fund, board of trustees, a partnership, or a sole proprietorship. If the association is chartered by or affiliated with a parent organization, the name or designation of the subordinate or local organization must be given first, followed by the name of the parent organiza-

tion. The name of the parent organization may be placed in parentheses and, if well known, may be abbreviated. Examples:

The Lotus Club, an unincorporated association, 12-3456789.  
Local 447, Brotherhood of Railroad Trainmen, an unincorporated association, 12-3456789.  
Eureka Lodge 317 (A.F. and A.M.), an unincorporated association, 12-3456789.

(4) *Partnerships.* A bond may be registered in the name of a partnership. The words "a partnership" must be included in the registration. Examples:

Smith & Jones, a partnership, 12-3456789.  
Acme Novelty Company, a partnership, 12-3456789.

(5) *Sole proprietorships.* A bond may be registered in the name of an individual who is doing business as a sole proprietor. A reference may be made to the trade name under which the business is conducted. Example:

John Jones d.b.a. Jones Roofing Company, 123-45-6789

(e) *Institutions (churches, hospitals, homes, schools, etc.).* A bond may be registered in the name of a church, hospital, home, school, or similar institution conducted by a private organization or by private trustees, regardless of the manner in which it is organized or governed or title to its property is held. Descriptive words, such as "a corporation" or "an unincorporated association", must not be included in the registration. Examples:

Shriners' Hospital for Crippled Children, St. Louis, MO, 12-3456789.  
St. Mary's Roman Catholic Church, Albany, NY, 12-3456789.  
Rodeph Shalom Sunday School, Philadelphia, PA, 12-3456789.

(f) *States, public bodies and corporations, and public officers.* A bond may be registered in the name of a State, county, city, town, village, school district, or other political entity, public body, or corporation established by law (including a board, commission, administration, authority, or agency) which is the owner or official custodian of public funds, other than trust funds, or in the full legal title of the public officer having custody of the funds. Examples:

## § 315.10

State of Maine.  
Town of Rye, NY (Street Improvement Fund).  
Maryland State Highway Administration.  
Treasurer, City of Chicago.

(g) *The United States Treasury*. A person who desires to have a bond become the property of the United States upon his or her death may designate the United States Treasury as coowner or beneficiary. Examples:

George T. Jones 123-45-6789 or the United States Treasury.  
George T. Jones 123-45-6789 P.O.D. the United States Treasury.

### Subpart C—Limitations on Annual Purchases

#### § 315.10 Limitations.

Specific limitations have been placed on the amounts of bonds of each series and savings notes that might be purchased in any one year in the name of any one person or organization. The amounts applicable to each series of bonds and savings notes for each specific year, which has varied from time to time, can be found in the appropriate offering circulars, as revised and amended.

#### § 315.11 Excess purchases.

The Commissioner of the Public Debt may permit excess purchases to stand in any particular case or class of cases.

### Subpart D—Limitations on Transfer or Pledge

#### § 315.15 Transfer.

Savings bonds are not transferable and are payable only to the owners named on the bonds, except as specifically provided in these regulations and then only in the manner and to the extent so provided.

#### § 315.16 Pledge.

(a) *General*. A savings bond may not be hypothecated, pledged, or used as security for the performance of an obligation, except as provided in paragraph (b) of this section.

(b) *Pledge under Treasury Circular No. 154*. A bond may be pledged by the registered owner in lieu of surety under the provisions of Department of the

## 31 CFR Ch. II (7-1-02 Edition)

Treasury Circular No. 154, current revision (31 CFR part 225), if the bond approving officer is the Secretary of the Treasury. In this case, an irrevocable power of attorney shall be executed authorizing the Secretary of the Treasury to request payment.

### Subpart E—Limitations on Judicial Proceedings—No Stoppage or Caveats Permitted

#### § 315.20 General.

The following general rules apply to the recognition of a judicial determination on adverse claims affecting savings bonds:

(a) The Department of the Treasury will not recognize a judicial determination that gives effect to an attempted voluntary transfer inter vivos of a bond, or a judicial determination that impairs the rights of survivorship conferred by these regulations upon a coowner or beneficiary. All provisions of this Subpart are subject to these restrictions.

(b) The Department of the Treasury will recognize a claim against an owner of a savings bond and conflicting claims of ownership of, or interest in, a bond between coowners or between the registered owner and the beneficiary, if established by valid, judicial proceedings, but only as specifically provided in this subpart. Section 315.23 specifies the evidence required to establish the validity of the judicial proceedings.

(c) The Department of the Treasury and the agencies that issue, reissue, or redeem savings bonds will not accept a notice of an adverse claim or notice of pending judicial proceedings, nor undertake to protect the interests of a litigant not in possession of a savings bond.

#### § 315.21 Payment to judgment creditors.

(a) *Purchaser or officer under levy*. The Department of the Treasury will pay (but not reissue) a savings bond to the purchaser at a sale under a levy or to the officer authorized under appropriate process to levy upon property of the registered owner or coowner to satisfy a money judgment. Payment will be made only to the extent necessary

## Fiscal Service, Treasury

## § 315.23

to satisfy the money judgment. The amount paid is limited to the redemption value 60 days after the termination of the judicial proceedings. Payment of a bond registered in coownership form pursuant to a judgment or a levy against only one coowner is limited to the extent of that coowner's interest in the bond. That interest must be established by an agreement between the coowners or by a judgment, decree, or order of a court in a proceeding to which both coowners are parties.

(b) *Trustee in bankruptcy, receiver, or similar court officer.* The Department of the Treasury will pay, at current redemption value, a savings bond to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer under the provisions of paragraph (a) of this section.

### § 315.22 Payment or reissue pursuant to judgment.

(a) *Divorce.* The Department of the Treasury will recognize a divorce decree that ratifies or confirms a property settlement agreement disposing of bonds or that otherwise settles the interests of the parties in a bond. Reissue of a savings bond may be made to eliminate the name of one spouse as owner, coowner, or beneficiary, or to substitute the name of one spouse for that of the other spouse as owner, coowner, or beneficiary pursuant to the decree. However, if the bond is registered in the name of one spouse with another person as coowner, there must be submitted either:

(1) A request for reissue by the other person or

(2) A certified copy of a judgment, decree, or court order entered in proceedings to which the other person and the spouse named on the bond are parties, determining the extent of the interest of that spouse in the bond.

Reissue will be permitted only to the extent of that spouse's interest. The evidence required under § 315.23 must be submitted in every case. When the divorce decree does not set out the terms of the property settlement agreement, a certified copy of the agreement must

be submitted. Payment, rather than reissue, will be made if requested.

(b) *Gift causa mortis.* A savings bond belonging solely to one individual will be paid or reissued at the request of the person found by a court to be entitled by reason of a gift causa mortis from the sole owner.

(c) *Date for determining rights.* When payment or reissue under this section is to be made, the rights of the parties will be those existing under the regulations current at the time of the entry of the final judgment, decree, or court order.

### § 315.23 Evidence.

(a) *General.* To establish the validity of judicial proceedings, certified copies of the final judgment, decree, or court order, and of any necessary supplementary proceedings, must be submitted. If the judgment, decree, or court order was rendered more than six months prior to the presentation of the bond, there must also be submitted a certificate from the clerk of the court, under court seal, dated within six months of the presentation of the bond, showing that the judgment, decree, or court order is in full force.

(b) *Trustee in bankruptcy or receiver of an insolvent's estate.* A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by appropriate evidence of appointment and qualification. The evidence must be certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

(c) *Receiver in equity or similar court officer.* A request for payment by the receiver in equity or a similar court officer, other than a receiver of an insolvent's estate, must be supported by a copy of an order that authorizes the presentation of the bond for redemption, certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

**Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds**

**§ 315.25 General.**

Relief, by the issue of a substitute bond or by payment, is authorized for the loss, theft, destruction, mutilation, or defacement of a bond after receipt by the owner or his or her representative. As a condition for granting relief, the Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require a bond of indemnity, in the form, and with the surety, or security, he considers necessary to protect the interests of the United States. In all cases the savings bond must be identified by serial number and the applicant must submit satisfactory evidence of the loss, theft, or destruction, or a satisfactory explanation of the mutilation or defacement.

**§ 315.26 Application for relief—after receipt of bond.**

(a) *Serial number known.* If the serial number of the lost, stolen, or destroyed bond is known, the claimant should execute an application for relief on the appropriate form and submit it to the Bureau of the Public Debt, Parkersburg, WV 26101.

(b) *Serial number not known.* If the bond serial number is not known, the claimant must provide sufficient information to enable the Bureau of the Public Debt to identify the bond by serial number. See § 315.29(c). The Bureau will furnish the proper application form and instructions.

(c) *Defaced or mutilated bond.* A defaced bond and all available fragments of a mutilated bond should be submitted to the Bureau.

(d) *Execution of claims application.* The application must be made by the person or persons (including both co-owners, if living) authorized under these regulations to request payment of the bonds. In addition—

(1) If the bond is in beneficiary form and the owner and beneficiary are both living, both will ordinarily be required to join in the application.

(2) If a minor named on a bond as owner, coowner, or beneficiary is not of

sufficient competency and understanding to request payment, both parents will ordinarily be required to join in the application.

(e) If the application is approved, relief will be granted by the issuance of a bond bearing the same issue date as the bond for which the claim was filed or by the issuance of a check in payment.

**§ 315.27 Application for relief—nonreceipt of bond.**

If a bond issued on any transaction is not received, the issuing agent must be notified as promptly as possible and given all information available about the nonreceipt. An appropriate form and instructions will be provided. If the application is approved, relief will be granted by the issuance of a bond bearing the same issue date as the bond that was not received.

**§ 315.28 Recovery or receipt of bond before or after relief is granted.**

(a) *Recovery prior to granting relief.* If a bond reported lost, stolen, destroyed, or not received, is recovered or received before relief is granted, the Bureau of the Public Debt, Parkersburg, WV 26101, must be notified promptly.

(b) *Recovery subsequent to granting of relief.* A bond for which relief has been granted is the property of the United States and, if recovered, must be promptly submitted to the Bureau of the Public Debt, Parkersburg, WV 26101, for cancellation.

**§ 315.29 Adjudication of claims.**

(a) *General.* The Bureau of the Public Debt will adjudicate claims for lost, stolen or destroyed bonds on the basis of records created and regularly maintained in the ordinary course of business.

(b) *Claims filed ten years after payment.* A bond for which no claim has been filed within ten years of the recorded date of redemption will be presumed to have been properly paid. If a claim is subsequently filed, a photographic copy of the bond will not be available to support the disallowance. This provision will be effective 60 days after the effective date of the Eleventh Revision of Department of the Treasury Circular No. 530 (31 CFR part 315).

(c) *Claims filed six years after final maturity.* No claim filed six years or more after the final maturity of a savings bond will be entertained, unless the claimant supplies the serial number of the bond.

### Subpart G—Interest

#### § 315.30 Series E bonds and savings notes.

Series E bonds and savings notes are discount securities. The accrued interest is added to the issue price at stated intervals and is payable only at redemption as part of the redemption value. All Series E bonds and savings notes have been extended and continue to earn interest until their final maturity dates, unless redeemed earlier. Information regarding extended maturity periods, investment yields and redemption values is found in Department of the Treasury Circular No. 653, current revision (31 CFR part 316) for Series E bonds, and in Department of the Treasury Circular, Public Debt Series No. 3-67, current revision (31 CFR part 342) for savings notes.

#### § 315.31 Series H bonds.

(a) *General.* Series H bonds are current income bonds issued at par (face amount). Interest on a Series H bond is paid semiannually beginning six months from the issue date. Interest ceases at final maturity, or if the bond is redeemed prior to final maturity, as of the end of the interest period last preceding the date of redemption. For example, if a bond on which interest is payable on January 1 and July 1 is redeemed on September 1, interest ceases as of the preceding July 1, and no interest will be paid for the period from July 1 to September 1. However, if the redemption date falls on an interest payment date, interest ceases on that date. Information regarding authorized extended maturity periods and investment yields is found in Department Circular No. 905, current revision (31 CFR part 332).

(b) *Payment of interest.* Series H bond interest accounts are maintained by the Bureau of the Public Debt, Parkersburg, WV. Interest is paid on each payment date by check drawn to the order of the owner or both coowners or,

upon request, by the Automated Clearing House (ACH) method to the owner or coowner's account at a financial institution. Checks will be mailed to the delivery address provided to the Bureau.

(c) *Delivery of interest—(1) Notices affecting the delivery of interest payments.* To ensure appropriate action, notices affecting the delivery of interest payments on Series H bonds must be received by the Bureau of the Public Debt, Parkersburg, WV, 26102-1328, at least one month prior to the interest payment date. Each notice must include the owner or coowner's name and the taxpayer identifying number appearing on the account under which records of the bonds are maintained.

(Approved by the Office of Management and Budget under control number 1535-0094)

(2) *Owner or coowner deceased—(i) Sole owner.* Upon receipt of notice of the death of the owner of a bond, payment of interest will be suspended until satisfactory evidence is submitted as to who is authorized to receive and collect interest payments on behalf of the estate of the decedent, in accordance with the provisions of subpart L.

(ii) *Coowner.* Upon receipt of notice of the death of the coowner to whom interest payments have been directed, payment of interest will be suspended until delivery instructions are received from the other coowner, if living. If both coowners are deceased, payment of interest will be suspended until satisfactory evidence is submitted as to who is authorized to receive and collect interest payments on behalf of the estate of the last deceased coowner, in accordance with the provisions of subpart L.

(iii) *Owner with beneficiary.* Interest on a bond registered in beneficiary form is paid to the owner during his or her lifetime. Upon receiving notice of the owner's death, the Bureau of the Public Debt will suspend payment of interest until the bond is presented for payment or reissue by the beneficiary, if surviving, or some other proper party. Interest so withheld will be paid to the person entitled to the bond.

(d) *Representative appointed for the estate of a minor, incompetent, absentee, et al.* Interest on Series H bonds is paid in accordance with the provisions of

### §315.31

### 31 CFR Ch. II (7-1-02 Edition)

§315.60 to the representative appointed for the estate of an owner who is a minor, incompetent, absentee, *et al.* If the registration of the bonds does not include reference to the owner's status, the bonds should be submitted for reissue to a designated Federal Reserve Bank so that interest payments may be properly delivered. They must be accompanied by proof of appointment as required by §315.60.

(e) *Adult incapacitated owner having no representative.* If an adult owner of a Series H bond is incompetent to receive and collect interest payments, and no legal guardian or similar representative has been appointed to act for him or her, the relative, or other person, responsible for the owner's care and support may apply to the Bureau of the Public Debt for recognition as voluntary guardian for the purpose of receiving and collecting the payments.

(f) *Reissue during interest period.* Physical reissue of a Series H bond may be made without regard to interest payment dates. The Series H accounts maintained by the Bureau of the Public Debt will be closed in the first week of the month preceding each interest payment date, and payments will be made pursuant to the information contained in the accounts as of the date they are closed.

(g) *Endorsement of checks.* Interest checks must be endorsed in accordance with the regulations governing the payment of fiscal agency checks contained in 31 CFR part 355.

(h) *Deposit account information for ACH payments—(1) Payments on same account.* Payments on all Series H bonds assigned to the same account maintained by the Bureau will be made to the same deposit account at a financial institution.

(2) *Deposit account held by individuals in their own right.* Where the Series H bonds are registered in the name of individual(s) as sole owner, or as owner and beneficiary, and the deposit account at the financial institution is held in the name of individual(s) in their own right, the owner's name must appear on the deposit account. Where the bonds are registered in the names of two individuals as coowners and the deposit account is held in the name of individual(s) in their own right, the

registration of the bonds and the title of the account must contain at least one name that is common to both. The deposit account to which the interest payments are directed should preferably be established in a form identical to the registration of the bonds to ensure that rights of ownership and survivorship can be more easily identified and preserved. Neither the United States nor any Federal Reserve Bank shall be liable for any loss sustained because the interest(s) of the holder(s) of a deposit account to which payments are directed are not the same as the owner(s) of the bonds.

(3) *Deposit account held by organization.* Where the deposit account to which interest payments are to be directed is held in the name of the financial institution itself, acting as sole trustee or as co-trustee, or is in the name of a commercially-managed investment fund, the owner or coowner should inquire whether the financial institution is able to receive ACH payments; if not, the owner or coowner should make alternative arrangements.

(4) *Financial institution cannot accept ACH payments.* If after submission of deposit account information, it is determined that ACH payments cannot be accepted by the designated financial institution, pending receipt of new deposit account information, payment will be made by check drawn to the registered owner or both coowners and mailed to the address of record.

(5) *Cancellation of ACH arrangement.* An ACH arrangement shall remain in effect until it is terminated by a request from the owner or coowner submitted to the Bureau of the Public Debt, Parkersburg, WV 26102-1328.

(6) *Rules.* Series H interest payments made by the ACH method are governed by the regulations at 31 CFR part 370.

(7) *Nonreceipt or loss of interest payment.* The Bureau of the Public Debt, Parkersburg, WV 26102 should be notified if:

(i) An interest check is not received or is lost after receipt or

(ii) An ACH payment is not credited to the designated account and the financial institution has no record of receiving it. The notice should include

## Fiscal Service, Treasury

## § 315.39

the owner or coowner's name and taxpayer identifying number and the interest payment date.

[54 FR 40255, Sept. 29, 1989, as amended at 59 FR 10535, Mar. 4, 1994; 64 FR 40486, July 26, 1999]

### § 315.32 Series A, B, C, D, F, G, J, and K bonds.

All bonds of these series have matured and no longer earn interest.

## Subpart H—General Provisions for Payment

### § 315.35 Payment (redemption).

(a) *General.* Payment of a savings bond will be made to the person or persons entitled under the provisions of these regulations, except that checks in payment will not be delivered to addresses in areas with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States. See Department of the Treasury Circular No. 655, current revision (31 CFR part 211). Payment will be made without regard to any notice of adverse claims to a bond and no notification of stoppage or caveat against payment of a bond will be made.

(b) *Series A, B, C, D, F, and J.* A bond of Series A, B, C, D, F, or J will be paid at face value.

(c) *Series E and Savings Notes.* A Series E bond will be paid at any time after two months from issue date at the appropriate redemption value shown in Department of the Treasury Circular No. 653 (31 CFR part 316), current revision. A savings note will be paid at anytime at the appropriate redemption value shown in Department of the Treasury Circular, Public Debt Series No. 3-67, current revision (31 CFR part 342).

(d) *Series G and K.* A bond of Series G or K will be paid at face value plus the final semiannual interest due. For Series G bonds, the final interest paid with principal is \$1.25 per \$100; for Series K bonds, the final interest is \$6.90 per \$500.

(e) *Series H.* A Series H bond will be redeemed at face value at any time after six (6) months from issue date. In any case where Series H bonds are surrendered to a designated Federal Re-

serve Bank or Branch or the Department of the Treasury for redemption in the month prior to an interest payment date, redemption will not be deferred but will be made in regular course, unless the presenter specifically requests that the transaction be delayed until that date. A request to defer redemption made more than one month preceding the interest payment date will not be accepted.

[45 FR 64091, Sept. 26, 1980, as amended at 51 FR 23753, July 1, 1986; 59 FR 10535, Mar. 4, 1994]

### § 315.36 Payment during life of sole owner.

A savings bond registered in single ownership form (i.e., without a coowner or beneficiary) will be paid to the owner during his or her lifetime upon surrender with an appropriate request.

### § 315.37 Payment during lives of both coowners.

A savings bond registered in coownership form will be paid to either coowner upon surrender with an appropriate request, and, upon payment (as determined in § 315.43), the other coowner will cease to have any interest in the bond. If both coowners request payment and payment is to be made by check, the check will be drawn in the form, "John A. Jones and Mary C. Jones".

### § 315.38 Payment during lifetime of owner of beneficiary bond.

A savings bond registered in beneficiary form will be paid to the registered owner during his or her lifetime upon surrender with an appropriate request. Upon payment (as determined in § 315.43), the beneficiary will cease to have any interest in the bond.

### § 315.39 Surrender for payment.

(a) *Procedure for bonds of Series A to E, inclusive, in the names of individual owners or coowners only.* An individual who is the owner or coowner of a bond of Series A, B, C, D, or E may present the bond to an authorized paying agent for redemption. The presenter must be prepared to establish his or her identity in accordance with Treasury instructions and identification guidelines. The

## § 315.40

owner or coowner must sign the request for payment on the bond or, if authorized, on a separate detached request, and add his or her address. In addition, in the case of a Series E bond or savings note, the presenter must record his or her social security number on the face of the security, provided it does not already appear in the inscription. Paying agents are authorized to refuse payment in any case where the presenter's number is not provided. If the request for payment has been signed, or signed and certified, before presentation of the bond, the paying agent must be satisfied that the person presenting the bond for payment is the owner or coowner and may require the person to sign the request for payment again. If the bond is in order for payment, the paying agent will make immediate payment at the current redemption value without charge to the presenter. Paying agents are not authorized to process any case involving partial redemption or any case in which supporting evidence is required.

(b) *Procedure for all other cases.* In the case of a bond to which the procedure in paragraph (a) of this section does not apply, or if otherwise preferred, the owner or coowner, or other person entitled to payment, should appear before an officer authorized to certify requests for payment, establish his or her identity, sign the request for payment, and provide information as to the address to which the check in payment is to be mailed. In addition, in the case of a Series E bond or savings note, the presenter must record his or her social security number on the face of the security, provided it does not already appear in the inscription. The bond must be forwarded to a designated Federal Reserve Bank or Branch or the Bureau of the Public Debt. Usually, payment will be expedited by submission to a designated Federal Reserve Bank or Branch. In all cases, the cost and risk of presentation of a bond will be borne by the owner. Payment will be made by check drawn to the order of the registered owner or other person entitled and will be mailed to the address requested.

(c) *Date of request.* Requests executed more than six months before the date of receipt of a bond for payment will

## 31 CFR Ch. II (7-1-02 Edition)

not be accepted. Neither will a bond be accepted if payment is requested as of a date more than three months in the future.

[45 FR 64091, Sept. 26, 1980, as amended at 59 FR 10535, Mar. 4, 1994]

### § 315.40 Special provisions for payment.

(a) *Owner's signature not required.* A bond may be paid by a paying agent or a designated Federal Reserve Bank without the owner's signature to the request for payment, if the bond bears the special endorsement of a financial institution specifically qualified to place such an endorsement on savings bonds under the provisions of Department of the Treasury Circular No. 888, current revision (31 CFR part 330).

(b) *Signature by mark.* A signature by mark (X) must be witnessed by at least one disinterested person and a certifying officer. See subpart J. The witness must attest to the signature by mark substantially as follows: "Witness to signature by mark," followed by his or her signature and address.

(c) *Name change.* If the name of the owner, coowner, or other person entitled to payment, as it appears in the registration or in evidence on file in the Bureau of the Public Debt, has been changed in any legal manner, the signature to the request for payment must show both names and the manner in which the change was made; for example, "Mary T. Jones Smith (Mary T. J. Smith or Mary T. Smith) changed by marriage from Mary T. Jones," or "John R. Young, changed by order of court from Hans R. Jung." See § 315.50.

(d) *Attorneys-in-fact.* A request for payment, reinvestment, or exchange executed by an attorney-in-fact will be recognized if it is accompanied by a copy of the power of attorney that meets the following requirements:

(1) The power of attorney must bear the grantor's signature, properly certified or notarized, in accordance with applicable State law;

(2) The power of attorney must grant, by its terms, authority for the attorney-in-fact to sell or redeem the grantor's securities, sell his or her personal property, or, otherwise contain similar authority; and



## Fiscal Service, Treasury

## § 315.46

(3) In the case of a grantor who has become incapacitated, the power of attorney must conform with pertinent provisions of State law concerning its durability. Generally, in such circumstances, the power of attorney should provide that the authority granted will not be affected by the subsequent incompetence or incapacity of the grantor. Medical evidence or other proof of the grantor's condition may be required in any case.

[45 FR 64091, Sept. 26, 1980, as amended at 57 FR 39602, Sept. 1, 1992; 59 FR 10535, Mar. 4, 1994]

### § 315.41 Partial redemption.

A bond of any series may be redeemed in part at current redemption value, but only in an amount corresponding to one or more authorized denominations, upon surrender of the bond to a designated Federal Reserve Bank or Branch or to the Bureau of the Public Debt in accordance with § 315.39(b). In any case in which partial redemption is requested, the phrase "to the extent of \$\_\_\_ (face amount) and reissue of the remainder" should be added to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date, as provided in subpart I.

[45 FR 64091, Sept. 26, 1980, as amended at 59 FR 10535, Mar. 4, 1994]

### § 315.42 Nonreceipt or loss of check issued in payment.

If a Treasury check in payment of a bond surrendered for redemption is not received within a reasonable time or is lost after receipt, notice should be given to the same agency to which the bond was surrendered for payment. The notice should give the date the bond was surrendered for payment, and describe the bond by series, denomination, serial number, and registration, including the taxpayer identifying number of the owner.

### § 315.43 Effective date of request for payment.

The Department of the Treasury will treat the receipt of a bond with an appropriate request for payment by:

- (a) A Federal Reserve Bank or Branch,
- (b) The Bureau of the Public Debt, or

(c) A paying agent authorized to pay that bond, as the date upon which the rights of the parties are fixed for the purpose of payment.

### § 315.44 Withdrawal of request for payment.

(a) *Withdrawal by owner or coowner.* An owner or coowner, who has surrendered a bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt or an authorized paying agent with an appropriate request for payment, may withdraw the request if notice of intent to withdraw is received by the same agency prior to payment either in cash or through the issuance of the redemption check.

(b) *Withdrawal on behalf of deceased owner or incompetent.* A request for payment may be withdrawn under the same conditions as in paragraph (a) of this section by the executor or administrator of the estate of a deceased owner or by the person or persons who would have been entitled to the bond under subpart L, or by the legal representative of the estate of a person under legal disability, unless surrender of the bond for payment has eliminated the interest of a surviving coowner or beneficiary. See § 315.70 (b) and (c).

## Subpart I—Reissue and Denominational Exchange

### § 315.45 General.

Reissue of a bond may be made only under the conditions specified in these regulations, and only at:

- (a) A Federal Reserve Bank or Branch, or
- (b) The Bureau of the Public Debt.

Reissue will not be made if the request is received less than one full calendar month before the final maturity date of a bond. The request, however, will be effective to establish ownership as though the reissue had been made.

### § 315.46 Effective date of request for reissue.

The Department of the Treasury will treat the receipt by:

- (a) A Federal Reserve Bank or Branch or
- (b) The Bureau of the Public Debt of a bond and an acceptable request for reissue as determining the date upon

### § 315.47

which the rights of the parties are fixed for the purpose of reissue.

For example, if the owner or either co-owner of a bond dies after the bond has been surrendered for reissue, the bond will be regarded as having been reissued in the decedent's lifetime.

#### § 315.47 Authorized reissue—during lifetime.

A bond belonging to an individual may be reissued in any authorized form of registration upon an appropriate request for the purposes outlined below:

(a) *Single ownership.* A bond registered in single ownership form may be reissued—

(1) To add a coowner or beneficiary;

(2) To name a new owner, with or without a coowner or beneficiary, but only if:

(i) The new owner is related to the previous owner by blood (including legal adoption) or marriage,

(ii) The previous owner and the new owner are parties to a divorce or annulment, or

(iii) The new sole owner is the trustee of a personal trust estate which was created by the previous owner or which designates as beneficiary either the previous owner or a person related to him or her by blood (including legal adoption) or marriage.

(b) *Coownership*—(1) *Reissue—to name a related individual as owner or coowner.* During the lifetime of both coowners, a coownership bond may be reissued in the name of another individual related by blood (including legal adoption) or marriage to either coowner—

(i) As single owner,

(ii) As owner with one of the original coowners as beneficiary, or

(iii) As a new coowner with one of the original coowners.

(2) *Reissue—to name either coowner alone or with another individual as coowner or beneficiary.* During the lifetime of both coowners, a coownership bond may be reissued in the name of either coowner alone or with another individual as coowner or beneficiary if—

(i) After issue of the submitted bond, either coowner named thereon marries, or the coowners are divorced or legally separated from each other, or their marriage is annulled; or

### 31 CFR Ch. II (7–1–02 Edition)

(ii) Both coowners on the submitted bond are related by blood (including legal adoption) or marriage to each other.

(3) *Reissue—to name the trustee of a personal trust estate.* A bond registered in coownership form may be reissued to name a trustee of a personal trust estate created by either coowner or by some other person if:

(i) Either coowner is a beneficiary of the trust, or

(ii) A beneficiary of the trust is related by blood or marriage to either coowner.

(c) *Beneficiary.* A bond registered in beneficiary form may be reissued—

(1) To name the beneficiary as coowner;

(2) To eliminate the name of the owner and to name as owner a custodian for the beneficiary, if a minor, under a statute authorizing gifts to minors;

(3) To eliminate the beneficiary or to substitute another individual as beneficiary, but only if the request is supported by the certified consent of the beneficiary or by proof of his or her death; or

(4) To eliminate the names of the owner and the beneficiary and to name as new owner the trustee of the personal trust estate which was created by the previous owner or which designates as beneficiary either the previous owner or a person related to him or her by blood (including legal adoption) or marriage, but only if the request is supported by the certified consent of the beneficiary or by proof of his or her death.

#### § 315.48 Restrictions on reissue.

(a) *Denominational exchange.* Reissue is not permitted solely to change denominations.

(b) *United States Treasury.* Reissue may not be made to eliminate the United States Treasury as coowner or beneficiary.

#### § 315.49 Correction of errors.

A bond may be reissued to correct an error in registration upon appropriate request, supported by satisfactory proof of the error.

## Fiscal Service, Treasury

## § 315.55

### § 315.50 Change of name.

An owner, coowner, or beneficiary whose name is changed by marriage, divorce, annulment, order of court, or in any other legal manner after the issue of bond should submit the bond with a request for reissue to substitute the new name for the name inscribed on the bond. Documentary evidence may be required in any appropriate case.

### § 315.51 Requests for reissue.

A request for reissue of bonds in coownership form during the lifetime of the coowners must be signed by both coowners, except that a request solely to eliminate the name of one coowner may be signed by that coowner only. A bond registered in beneficiary form may be reissued upon the request of the owner, supported by the certified consent of the beneficiary or by proof of his or her death. Public Debt forms are available for requesting reissue.

## Subpart J—Certifying Officers

### § 315.55 Individuals authorized to certify.

The following individuals are authorized to act as certifying officers for the purpose of certifying a request for payment, reissue, or a signature to a Public Debt form:

(a) *Officers generally authorized*—(1) *At banks, trust companies, and member organizations of the Federal Home Loan Bank System.* (i) Any officer of a bank incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(ii) Any officer of a trust company incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(iii) Any officer of an organization that is a member of the Federal Home Loan Bank System. This includes Federal savings and loan associations.

(iv) Any officer of a foreign branch or a domestic branch of an institution described in paragraphs (a) (1)(i) through (iii) of this section.

(v) Any officer of a Federal Reserve Bank, a Federal Land Bank, or a Federal Home Loan Bank.

(vi) Any employee of an institution described in paragraphs (a)(1)(i) through (v) of this section, who is expressly authorized to certify by the institution.

Certification by these officers or designated employees must be authenticated by a legible imprint either of a corporate stamp of the institution or of the issuing or paying agent's stamp. An employee authorized to certify requests must sign his or her name over the title "Designated Employee".

(2) *At issuing agents that are not banks or trust companies.* Any officer of an organization, not a bank or a trust company, that is qualified as an issuing agent for savings bonds. The agent's stamp must be imprinted in the certification.

(3) *By United States officials.* Any judge, clerk, or deputy clerk of a United States court, including United States courts for the territories and possessions of the United States, and the Commonwealth of Puerto Rico or any United States Commissioner or United States Attorney.

(b) *Officers with limited authority*—(1) *In the Armed Forces.* Any commissioned officer or warrant officer of the Armed Forces of the United States, but only for members of the respective services, their families, and civilian employees at posts, bases, or stations. The certifying officer must indicate his or her rank and state that the individual signing the request is one of the class whose request the certifying officer is authorized to certify.

(2) *At Veterans Administration facilities, Federal penal institutions, and United States Public Health Service hospitals.* Any officer in charge of a home, hospital, or other facility of the Veterans Administration, but only for the patients, or employees of the facility; any officer of a Federal penal institution or a United States Public Health Service hospital expressly authorized to certify by the Secretary of the Treasury or his designee, but only for the inmates, patients or employees of the institution involved. Officers of Veterans Administration facilities, Federal penal institutions, and Public

## § 315.56

Health Service hospitals must use the stamp of the particular institution or service.

(c) *Authorized officers in foreign countries.* Any United States diplomatic or consular representative, or the officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate stamp or is certified to the Department of the Treasury. If none of these individuals is available, a notary public or other officer authorized to administer oaths may certify, but his or her official character and jurisdiction must be certified by a United States diplomatic or consular officer under seal of his or her office.

(d) *Authorized officers in particular localities.* The Governor and the Treasurer of Puerto Rico; the Governor and the Commissioner of Finance of the Virgin Islands; the Governor and the Director of Finance of Guam; and the Governor and the Director of Administrative Services of American Samoa; and designated officers of the Panama Canal Commission.

(e) *Special provisions.* If no certifying officer is readily accessible, the Commissioner of the Public Debt, Deputy Commissioner, any Assistant Commissioner, or other designated official of the Bureau or of a Federal Reserve Bank or Branch is authorized to make special provision for any particular case.

## § 315.56 General instructions and liability.

(a) *Certification procedure.* Certifying officers at financial institutions qualified as paying agents should observe the Treasury's payment instructions and identification guidelines in certifying savings bonds and savings notes being forwarded to a designated Federal Reserve Bank for any transaction. Other certifying officers should provide certification services for persons with whom they have substantial personal acquaintance, and for other persons whose identities have been unmistakably established. A notation showing exactly how identification was established should be placed on the back of the security or Public Debt form, or in a separate record. As part of the cer-

## 31 CFR Ch. II (7-1-02 Edition)

tification, the certifying officer must affix his or her official signature, title and address, the exact date of execution and, where one is available, a corporate stamp or issuing or paying agent's stamp.

(b) *Liability.* The certifying officer and, if such person is an officer or an employee of an organization, the organization will be held fully responsible for the adequacy of the identification.

[45 FR 64091, Sept. 26, 1980, as amended at 59 FR 10535, Mar. 4, 1994]

## § 315.57 When a certifying officer may not certify.

Certifying officers may not certify the requests for payment of bonds, or appropriate Public Debt forms if, in their own right or in a representative capacity, they

(a) Have an interest in the bonds, or

(b) Will, by virtue of the requests being certified, acquire an interest in the bonds.

## § 315.58 Forms to be certified.

When required in the instructions on a Public Debt form, the form must be signed before an authorized certifying officer.

## Subpart K—Minors, Incompetents, Aged Persons, Absentees, et al.

### § 315.60 Conditions for payment to representative of an estate.

(a) *General.* The representative of an estate of an owner who is a minor, an aged person, incompetent, absentee, et al., may receive upon request—

(1) If the registration shows the name and capacity of the representative;

(2) If the registration shows the capacity but not the name of the representative and the request is accompanied by appropriate evidence; or

(3) If the registration includes neither the name of the representative nor his or her capacity but the request is accompanied by appropriate evidence.

(b) *Evidence.* Appropriate evidence for paragraphs (a) (2) and (3) of this section includes a certified copy of the letters of appointment or, if the representative is not appointed by a court, other proof of qualification. Except in the

## Fiscal Service, Treasury

## § 315.64

case of corporate fiduciaries, the evidence must show that the appointment is in full force and be dated not more than one year prior to the presentation of the bond for payment. The request for payment appearing on the back of a bond must be signed by the representative as such, for example, "John S. Jones, guardian (committee) of the estate of Henry W. Smith, a minor (an incompetent)."

### § 315.61 Payment after death.

After the death of the ward, and at any time prior to the representative's discharge, the representative of the estate will be entitled to obtain payment of a bond to which the ward was solely entitled.

### § 315.62 Payment to minors.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of the minor's estate, payment will be made to the minor upon his or her request, provided the minor is of sufficient competency to sign the request for payment and to understand the nature of the transaction. In general, the fact that the request for payment has been signed by a minor and certified will be accepted as sufficient proof of competency and understanding.

### § 315.63 Payment to a parent or other person on behalf of a minor.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of his or her estate, and if the minor is not of sufficient competency to sign the request for payment and to understand the nature of the transaction, payment will be made to either parent with whom the minor resides or to whom legal custody has been granted. If the minor does not reside with either parent, payment will be made to the person who furnishes the chief support for the minor. The request must appear on the back of the bond in one of the following forms:

#### (a) *Request by parent.*

I certify that I am the mother of John C. Jones (with whom he resides) (to whom legal custody has been granted). He is \_\_\_ years of

age and is not of sufficient understanding to make this request.

Mary Jones on behalf of John C. Jones.

#### (b) *Request by other person.*

I certify that John C. Jones does not reside with either parent and that I furnish his chief support. He is \_\_\_ years of age and is not of sufficient understanding to make this request.

Alice Brown, grandmother, on behalf of John C. Jones.

### § 315.64 Payment, reinvestment, or exchange—voluntary guardian of an incapacitated person.

(a) *Payment of bonds.* When an adult owner of bonds is incapable of requesting payment as a result of incapacity and there is no other person legally qualified to do so, the relative, or other person, responsible for the owner's care and support may submit an application for recognition as voluntary guardian for the purpose of redeeming the owner's bonds, if the total redemption value of all of the owner's bonds does not exceed \$20,000. The redemption value of the bonds shall be determined as of the date the bonds are received, accompanied by an appropriate request for payment. If the total redemption value exceeds \$20,000, a legal representative must be appointed, as set forth in § 315.60.

(b) *Reinvestment of bonds.* If the bonds have finally matured and it is desired to redeem them and reinvest the proceeds in other savings bonds, the new bonds must be registered in the name of the incapacitated person, followed by words showing that he or she is under voluntary guardianship; for example, "John Jones 123-45-6789, under voluntary guardianship". A living co-owner or beneficiary named on the matured bonds must be designated on the new bonds, unless such person furnishes a certified statement consenting to omission of his or her name. If an amount insufficient to purchase an additional bond of any authorized denomination of either series remains after the reinvestment, the voluntary guardian may furnish additional funds sufficient to purchase another bond of either series of the lowest available denomination. If additional funds are not furnished, the remaining amount will be paid to the voluntary guardian for

### § 315.65

the use and benefit of the incapacitated person.

(c) *Exchange of bonds.* The provisions for reinvestment of the proceeds of matured bonds are equally applicable to any authorized exchange of bonds of one series for those of another.

[57 FR 39602, Sept. 1, 1992]

### § 315.65 Reissue.

A bond on which a minor or other person under legal disability is named as the owner or coowner, or in which he or she has an interest, may be reissued under the following conditions:

(a) A minor for whose estate no representative has been appointed may request reissue if the minor is of sufficient competency to sign his or her name to the request and to understand the nature of the transaction.

(b) A bond on which a minor is named as beneficiary or coowner may be reissued in the name of a custodian for the minor under a statute authorizing gifts to minors upon the request of the adult whose name appears on the bond as owner or coowner.

(c) A minor coowner for whose estate no representative has been appointed, may be named sole owner upon the request of the competent coowner.

(d) Reissue to eliminate the name of a minor or incompetent for whose estate a legal representative has been appointed is permitted only if supported by evidence that a court has authorized the representative of the minor's or incompetent's estate to request the reissue. See § 315.23.

Except to the extent provided in paragraphs (a) through (d), of this section, reissue will be restricted to a form of registration which does not adversely affect the existing ownership or interest of a minor who is not of sufficient understanding to make a request, or other person under legal disability. Requests for reissue should be executed by the person authorized to request payment under §§ 315.60 and 315.63, or the person who may request recognition as voluntary guardian under § 315.64.

[45 FR 64091, Sept. 26, 1980. Redesignated at 57 FR 39602, Sept. 1, 1992]

### 31 CFR Ch. II (7-1-02 Edition)

## Subpart L—Deceased Owner, Coowner or Beneficiary

### § 315.70 General rules governing entitlement.

The following rules govern ownership or entitlement where one or both of the persons named on a bond have died without the bond having been surrendered for payment or reissue:

(a) *Single owner bond.* If the owner of a bond registered in single ownership form has died, the bond becomes the property of that decedent's estate, and payment or reissue will be made as provided in this subpart.

(b) *Coowner bond*—(1) *One coowner deceased.* If one of the coowners named on a bond has died, the surviving coowner will be recognized as its sole and absolute owner, and payment or reissue will be made as though the bond were registered in the name of the survivor alone. Any request for reissue by the surviving coowner must be supported by proof of death of the other coowner.

(2) *Both coowners deceased.* If both coowners named on a bond have died, the bond becomes the property of the estate of the coowner who died last, and payment or reissue will be made as if the bond were registered in the name of the last deceased coowner alone. Proof of death of both coowners will be required to establish the order of death.

(3) *Simultaneous death of both coowners.* If both coowners die under conditions where it cannot be established, either by presumption of law or otherwise, which coowner died first, the bond becomes the property of both equally, and payment or reissue will be made accordingly.

(c) *Beneficiary bond*—(1) *Owner deceased.* If the owner of a bond registered in beneficiary form has died and is survived by the beneficiary, upon proof of death of the owner, the beneficiary will be recognized as the sole and absolute owner of the bond. Payment or reissue will be made as though the bond were registered in the survivor's name alone. A request for payment or reissue by the beneficiary must be supported by proof of death of the owner.

(2) *Beneficiary deceased.* If the beneficiary's death occurs before, or simultaneous with, that of the registered

owner, payment or reissue will be made as though the bond were registered in the owner's name alone. Proof of death of the owner and beneficiary is required to establish the order of death.

(d) *Nonresident aliens.* If the person who becomes entitled to a bond because of the death of an owner is an alien who is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities, delivery of the redemption check will not be made so long as the restriction applies. See Department of the Treasury Circular No. 655, current revision (31 CFR part 211).

#### § 315.71 Estate administered.

(a) *During administration.* The legal representative of an estate may request payment of bonds, including interest or redemption checks, belonging to the estate or may have the bonds reissued in the names of the persons entitled to share in the estate under the following conditions:

(1) When there is more than one legal representative, all must join in the request for payment or reissue, unless § 315.75(a)(1) or (b) applies.

(2) The request for payment or reissue must be signed in the form: "John A. Jones, administrator of the estate (or executor of the will) of Henry M. Jones, deceased". The request must be supported by evidence of the legal representative's authority in the form of a court certificate or a certified copy of the legal representative's letters of appointment which must be dated within six months of the date of presentation of the bond, unless the evidence shows that the appointment was made within one year prior to the presentation of the bond.

(3) For reissue, the legal representative must certify that each person in whose name reissue is requested is entitled to the extent specified and must certify that each person has consented to the reissue. If a person in whose name reissue is requested desires to name a coowner or beneficiary, the person must execute an additional request for reissue on the appropriate form.

(b) *After administration.* If the estate of the decedent has been settled

through judicial proceedings, the bond and interest and redemption checks will be paid, or the bond will be reissued, upon the request of the person shown to be entitled by the court order. The request must be supported by a certified copy of the legal representative's court-approved final account, the decree of distribution, or other pertinent court records. If two or more persons have an interest in the bond, they must enter into an agreement concerning the bond's disposition. If the person entitled desires to name a coowner or beneficiary, a separate request must be made on an appropriate form.

(c) *Special provisions for small amounts.* Special procedures are available for establishing entitlement to, or effecting disposition of, savings bonds and interest and redemption checks if the aggregate face amount, excluding interest checks, does not exceed \$1,000.

#### § 315.72 Estate not administered.

(a) *Special State law provisions.* A request for payment or reissue of a bond by the person who has qualified under State law to receive or distribute the assets of a decedent's estate will be accepted, provided evidence of the person's authority is submitted.

(b) *Agreement of persons entitled.* If there is no legal representative for the estate of a decedent, the bonds will be paid to, or reissued in the name of, the persons entitled, pursuant to an agreement and request executed by all persons entitled to share in the decedent's personal estate. If the persons entitled to share in the decedent's personal estate include minors or incompetents, payment or reissue of the bonds must be made to them or in their names unless their interest in the bonds is otherwise protected.

(c) *Creditors.* An institutional creditor of a deceased owner's estate is entitled to payment only to the extent of its claim.

(d) *Special provisions for payment of small amounts—survivors of the decedent.*

(1) If the face amount of the bond does not exceed \$500 and there is no legal representative of the deceased owner's estate, the bond will be paid upon the

## § 315.75

request of the person who paid the burial expenses and who has not been reimbursed.

(2) If there is no legal representative of the estate of a decedent who died without a will, and the total face amount of bonds in the estate does not exceed \$1,000 (face amount), the bonds may be paid to the decedent's survivors upon request in the following order of precedence:

- (i) Surviving spouse;
- (ii) If no surviving spouse, to the child or children of the decedent, and the descendants of deceased children by representation;
- (iii) If none of the above, to the parents of the decedent, or the survivor;
- (iv) If none of the above, to the brothers and sisters, and the descendants of deceased brothers or sisters by representation;
- (v) If none of the above, to other next-of-kin, as determined by the laws of the owner's domicile at death;
- (vi) If none of the above, to persons related to the decedent by marriage.

The payment pursuant to this subsection shall be made upon the request and agreement of the survivors to receive the redemption proceeds individually and for the account of any persons entitled. Interest checks held for the estate of a decedent will be distributed with the bonds.

### Subpart M—Fiduciaries

#### § 315.75 Payment or reissue during the existence of the fiduciary estate.

(a) *Payment or reissue before maturity*—(1) *Request from the fiduciary named in the registration.* A request for reissue or payment prior to maturity must be signed by all of the fiduciaries unless by statute, decree of court, or the terms of the governing instrument, any lesser number may properly execute the request. If the fiduciaries named in the registration are still acting, no further evidence will be required. In other cases, evidence to support the request will be required, as specified:

(i) *Fiduciaries by title only.* If the bond is registered only in the titles, without the names, of fiduciaries not acting as a board, satisfactory evidence of their incumbency must be furnished, except

## 31 CFR Ch. II (7–1–02 Edition)

in the case of bonds registered in the title of public officers as trustees.

(ii) *Boards, committees, commissions, etc.* If a bond is registered in the name of a governing body which is empowered to act as a unit, and which holds title to the property of a religious, educational, charitable or nonprofit organization or a public corporation, the request should be signed in the name of the body by an authorized person. Ordinarily, a signed and certified request will be accepted without further evidence.

(iii) *Corporate fiduciaries.* If a bond is registered in the name of a public or private corporation or a governmental body as fiduciary, the request must be signed by an authorized officer in the name of the organization as fiduciary. Ordinarily, a signed and certified request will be accepted without further evidence.

(2) *Trustee of a common trust fund.* A bond held by a financial institution in a fiduciary capacity may be reissued in the name of the institution as trustee of its common trust fund to the extent that participation in the common trust fund is authorized by law or regulation. The request for reissue should be executed by the institution and any co-fiduciary.

(3) *Successor fiduciary.* If the fiduciary in whose name the bond is registered has been replaced by another fiduciary, satisfactory evidence of successorship must be furnished.

(b) *Payment at or after final maturity.* At or after final maturity, a request for payment signed by any one or more of the fiduciaries will be accepted. Payment will be made by check drawn as the bond is registered.

#### § 315.76 Payment or reissue after termination of the fiduciary estate.

A bond registered in the name or title of a fiduciary may be paid or reissued to the person who has become entitled by reason of the termination of a fiduciary estate. Requests for reissue made by a fiduciary pursuant to the termination of a fiduciary estate should be made on the appropriate form. Requests for payment or reissue by other than the fiduciary must be accompanied by evidence to show that



## Fiscal Service, Treasury

## § 315.83

the person has become entitled in accordance with applicable State law or otherwise. When two or more persons have become entitled, the request for payment or reissue must be signed by each of them.

### § 315.77 Exchanges by fiduciaries.

Fiduciaries are authorized to request an exchange of bonds of one series for those of another, pursuant to any applicable Department of the Treasury offering. A living coowner or beneficiary named on the bonds submitted in exchange may be retained in the same capacity on the new bonds.

## Subpart N—Private Organizations (Corporations, Associations, Partnerships, etc.) and Governmental Agencies, Units and Officers

### § 315.80 Payment to corporations or unincorporated associations.

A bond registered in the name of a private corporation or an unincorporated association will be paid to the corporation or unincorporated association upon a request for payment on its behalf by an authorized officer. The signature to the request should be in the form, for example, “The Jones Coal Company, a corporation, by John Jones, President”, or “The Lotus Club, an unincorporated association, by William A. Smith, Treasurer”. A request for payment so signed and certified will ordinarily be accepted without further evidence of the officer’s authority.

### § 315.81 Payment to partnerships.

A bond registered in the name of an existing partnership will be paid upon a request for payment signed by a general partner. The signature to the request should be in the form, for example, “Smith and Jones, a partnership, by John Jones, a general partner”. A request for payment so signed and certified will ordinarily be accepted as sufficient evidence that the partnership is still in existence and that the person signing the request is authorized.

### § 315.82 Reissue or payment to successors of corporations, unincorporated associations, or partnerships.

A bond registered in the name of a private corporation, an unincorporated association, or a partnership which has been succeeded by another corporation, unincorporated association, or partnership by operation of law or otherwise, in any manner whereby the business or activities of the original organization are continued without substantial change, will be paid to or reissued in the name of the succeeding organization upon appropriate request on its behalf, supported by satisfactory evidence of successorship. The appropriate form should be used.

### § 315.83 Reissue or payment on dissolution of corporation or partnership.

(a) *Corporations.* A bond registered in the name of a private corporation which is in the process of dissolution will be paid to the authorized representative of the corporation upon a request for payment, supported by satisfactory evidence of the representative’s authority. At the termination of dissolution proceedings, the bond may be reissued upon the request of the authorized representative in the names of those persons, other than creditors, entitled to the assets of the corporation, to the extent of their respective interests. Proof will be required that all statutory provisions governing the dissolution of the corporation have been complied with and that the persons in whose names reissue is requested are entitled and have agreed to the reissue. If the dissolution proceedings are under the direction of a court, a certified copy of an order of the court, showing the authority of the representative to make the distribution requested must be furnished.

(b) *Partnerships.* A bond registered in the name of a partnership which has been dissolved by death or withdrawal of a partner, or in any other manner—

(1) Will be paid upon a request for payment by any partner or partners authorized by law to act on behalf of the dissolved partnership, or

### § 315.84

(2) Will be paid to or reissued in the names of the persons entitled as the result of such dissolution to the extent of their respective interests, except that reissue will not be made in the names of creditors.

The request must be supported by satisfactory evidence of entitlement, including proof that the debts of the partnership have been paid or properly provided for. The appropriate form should be used.

#### **§ 315.84 Payment to certain institutions.**

A bond registered in the name of a church, hospital, home, school, or similar institution, without reference in the registration to the manner in which it is organized or governed or to the manner in which title to its property is held, will be paid upon a request for payment signed on behalf of such institution by an authorized representative. A request for payment signed by a pastor of a church, superintendent of a hospital, president of a college, or by any official generally recognized as having authority to conduct the financial affairs of the particular institution will ordinarily be accepted without further proof of authority. The signature to the request should be in the form, for example, "Shriners' Hospital for Crippled Children, St. Louis, MO, by William A. Smith, Superintendent", or "St. Mary's Roman Catholic Church, Albany, NY, by the Rev. John Smyth, Pastor".

#### **§ 315.85 Reissue in name of trustee or agent for reinvestment purposes.**

A bond registered in the name of a religious, educational, charitable or nonprofit organization, whether or not incorporated, may be reissued in the name of a financial institution, or an individual, as trustee or agent. There must be an agreement between the organization and the trustee or agent holding funds of the organization, in whole or in part, for the purpose of investing and reinvesting the principal and paying the income to the organization. Reissue should be requested on behalf of the organization by an authorized officer using the appropriate form.

### 31 CFR Ch. II (7-1-02 Edition)

#### **§ 315.86 Reissue upon termination of investment agency.**

A bond registered in the name of a financial institution, or individual, as agent for investment purposes only, under an agreement with a religious, an educational, a charitable, or a nonprofit organization, may be reissued in the name of the organization upon termination of the agency. The former agent should request such reissue and should certify that the organization is entitled by reason of the termination of the agency. If such request and certification are not obtainable, the bond will be reissued in the name of the organization upon its own request, supported by satisfactory evidence of the termination of the agency. The appropriate form should be used.

#### **§ 315.87 Payment to governmental agencies, units, or their officers.**

(a) *Agencies and units.* A bond registered in the name of a State, county, city, town, village, or in the name of a Federal, State, or local governmental agency, such as a board, commission, or corporation, will be paid upon a request signed in the name of the governmental agency or unit by an authorized officer. A request for payment so signed and certified will ordinarily be accepted without further proof of the officer's authority.

(b) *Officers.* A bond registered in the official title of an officer of a governmental agency or unit will be paid upon a request for payment signed by the officer. The request for payment so signed and certified will ordinarily be accepted as proof that the person signing is the incumbent of the office.

### **Subpart O—Miscellaneous Provisions**

#### **§ 315.90 Waiver of regulations.**

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify any provision or provisions of these regulations. He may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

**Fiscal Service, Treasury**

**§ 316.2**

(a) If such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

**§ 315.91 Additional requirements; bond of indemnity.**

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require

(a) Such additional evidence as he may consider necessary or advisable, or

(b) A bond of indemnity, with or without surety, in any case in which he may consider such a bond necessary for the protection of the interests of the United States.

**§ 315.92 Preservation of rights.**

Nothing contained in these regulations shall be construed to limit or restrict existing rights which holders of savings bonds previously issued may have acquired under circulars offering the bonds for sale or under the regulations in force at the time of the purchase.

**§ 315.93 Supplements, amendments, or revisions.**

The Secretary of the Treasury may at any time, or from time to time, prescribe additional, supplemental, amendatory, or revised rules and regulations governing the United States Savings Bonds and Savings Notes to which this circular applies.

**PART 316—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES E**

- Sec.
- 316.1 Offering of bonds.
- 316.2 Description of bonds.
- 316.3 Governing regulations.
- 316.4 Registration.
- 316.5 Limitation on holdings.
- 316.6 Purchase of bonds.
- 316.7 Delivery of bonds.
- 316.8 Extended terms and yields for outstanding bonds.
- 316.9 Taxation.
- 316.10 Payment or redemption.
- 316.11 Reservation as to issue of bonds.
- 316.12 Fiscal agents.
- 316.13 Reservation as to terms of offer.

AUTHORITY: 31 U.S.C. 3105 and 5 U.S.C. 301.

SOURCE: 57 FR 14276, Apr. 17, 1992, unless otherwise noted.

**§ 316.1 Offering of bonds.**

The Secretary of the Treasury offered for sale to the people of the United States, United States Savings Bonds of Series E, hereinafter generally referred to as "Series E bonds" or "bonds".

This offer was terminated as of December 31, 1979, except that, as to bonds purchased under payroll savings plans and employee plans, the offer was terminated as of June 30, 1980.

**§ 316.2 Description of bonds.**

(a) *General.* Series E bonds bear a facsimile of the signature of the Secretary of the Treasury and of the Seal of the Department of the Treasury. They were issued only in registered form and are nontransferable.

(b) *Denominations and prices.* Series E bonds were issued on a discount basis. The denominations and issue prices were:

Denomination	Issue price
\$25 .....	\$18.75
50 .....	37.50
75 .....	56.25
100 .....	75.00
200 .....	150.00
500 .....	375.00
1,000 .....	750.00
10,000 .....	7,500.00
100,000 <sup>1</sup> .....	75,000.00

<sup>1</sup>The \$100,000 denomination was available only for purchase by trustees of employee savings and savings and vacation plans (see paragraph (b) of §316.5).

(c) *Inscription and issue.* At the time of issue, the issuing agent:

(1) Inscribed on the face of each bond the name, social security number and address of the owner, and the name of the beneficiary, if any, or the name, social security number and address of the first-named coowner and the name of the other coowner (the inscription of the social security number was required for bonds issued on or after January 1, 1974);

(2) Entered the issue date in the upper right-hand portion of the bond; and

(3) Imprinted the agent's validation indicia in the lower right-hand portion to show the date the bond was actually inscribed. A bond was valid only if an

### §316.3

authorized issuing agent received payment therefor and duly inscribed, dated and imprinted validation indicia on the bond.

(d) *Term.* A Series E bond was dated as of the first day of the month in which payment of the purchase price was received by an agent authorized to issue the bonds. This date is the issue date. The bonds mature as shown in §316.8. The bond may not be called for redemption by the Secretary of the Treasury prior to maturity or the end of any extended maturity period (see paragraph (a) of §316.8). The bond may be redeemed at the owner's option at any time at fixed redemption values.

(e) *Investment yield (interest).* The investment yield (interest) on Series E bonds is defined in paragraphs (c) and (d) of §316.8. Beginning in the third month from its issue date, a bond increased in redemption value on the first day of each month, up to and including the thirtieth month from issue date, so as to provide for such period an investment yield of no less than 4 percent per annum, compounded semi-annually. Thereafter, its redemption value increases at the beginning of each successive half-year period. The interest is paid as part of the redemption value.

### §316.3 Governing regulations.

Series E bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series A, B, C, D, E, F, G, H, J and K, contained in 31 CFR part 315, also published as Department of the Treasury Circular No. 530, current revision.<sup>2</sup>

[57 FR 14276, Apr. 17, 1992, as amended at 59 FR 10535, Mar. 4, 1994]

### §316.4 Registration.

Series E bonds were permitted to be registered as set forth in subpart B of 31 CFR part 315, also published as Department of the Treasury Circular No. 530, current revision.

<sup>1</sup>[Reserved]

<sup>2</sup>Copies may be obtained from any designated Federal Reserve Bank or Branch or the Bureau of the Public Debt, 200 Third Street, Parkersburg, WV 26106-1328.

### 31 CFR Ch. II (7-1-02 Edition)

### §316.5 Limitation on holdings.

(a) *General limitation.* The amount of Series E bonds, originally issued during any one calendar year, that could be held by any one person, computed in accordance with the governing regulations, ranged from \$5,000 (face amount) to \$20,000 (face amount), depending upon the issue date.

(b) *Special limitation for employee savings plans.* A special limitation for employee savings plans was provided, which was \$2,000 (face amount) multiplied by the highest number of participants in any employee savings plan, as defined in paragraph (b)(1) of this section, at any time during the year in which the bonds were issued. The plan had to be established, as set forth below.

(1) *Definition of plan and conditions of eligibility.* (i) The employee savings plan must have been established by the employer for the exclusive and irrevocable benefit of employees or their beneficiaries, afforded employees the means of making regular savings from their wages through payroll deduction, and provided for employer contributions to be added to such savings.

(ii) The entire assets thereof must have been credited to the individual accounts of participating employees and the assets so credited could be distributed only to the employees or their beneficiaries, except as otherwise provided herein.

(iii) Series E bonds were to be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose was equal to the purchase price of a bond or bonds in an authorized denomination or denominations, and shares therein were credited to the accounts of the individuals from whom the purchase price thereof was derived, in amounts corresponding with such shares. For example, if \$37.50 credited to the account of John Jones was commingled with funds credited to the accounts of other employees to make a total of \$7,500, with which a Series E bond in the denomination of \$10,000 (face amount) was purchased in December 1978 and registered in the name and title of the trustee, the plan must have provided, in effect, that John Jones'

account would be credited to show that he was the owner of a Series E bond in the denomination of \$50 (face amount) bearing the issue date of December 1, 1978.

(iv) Each participating employee has an irrevocable right at any time to demand and receive from the trustee all assets credited to his or her account or the value thereof, if he or she so prefers, without regard to any condition other than the loss or suspension of the privilege of participating further in the plan. However, a plan was not deemed to be inconsistent herewith if it limited or modified the exercise of any such right by providing that the employer's contribution did not vest absolutely until the employee had made contributions under the plan in each of not more than 60 calendar months succeeding the month for which the employer's contribution was made.

(v) Upon the death of an employee, his or her beneficiary has the absolute and unconditional right to demand and receive from the trustee all assets credited to the account of the employee, or the value thereof, if he or she so prefers.

(vi) When settlement is made with an employee, or his or her beneficiary, with respect to any bond registered in the name and title of the trustee in which the employee has a share (see paragraphs (b)(1) (ii) and (iii) of this section), the bond must be submitted for redemption or reissue to the extent of such share. If an employee or his or her beneficiary is to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the distributee to the extent to which he or she is entitled, in any authorized form of registration, upon the request and certification of the trustee, in accordance with the governing regulations.

(2) *Definitions of terms used in paragraph (b)—related provisions.* (i) The term *savings plan* includes any regulations issued under the plan with regard to Series E bonds. A trustee desiring to purchase bonds in excess of the general limitation in any calendar year should have submitted to the Federal Reserve Bank of the district a copy of the plan, any such regulations, and the trust

agreement, all certified to be true copies, in order to establish eligibility.

(ii) The term *assets* means all funds, including the employee contributions and employer contributions and assets purchased therewith, as well as accretions thereto, such as dividends on stock, the increment in value on bonds and all other income; but, notwithstanding any other provision of this paragraph, the right to demand and receive all assets credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such distribution; for example, Series E bonds may not be reissued in unauthorized denominations, and fractional shares of stock are not readily distributable in kind.

(iii) The term *beneficiary* means the person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the trust upon his or her death, or the estate of the employee, and the term *distributee* means the employee, or his or her beneficiary.

#### §316.6 Purchase of bonds.

Series E bonds were purchased, as follows:

(a) *Over-the-counter for cash*—(1) *Bonds registered in names of natural persons in their own right only.* At such incorporated banks, trust companies, and other agencies as had been duly qualified as issuing agents.

(2) *Bonds registered in names of trustees of employee savings plans.* At such incorporated bank, trust company, or other agency, duly qualified as an issuing agent, provided the agent was trustee of an approved employee savings plan eligible for the special limitation in paragraph (b) of §316.5 and prior approval to issue the bonds was obtained from the Federal Reserve Bank of the agent's district.

(3) *Bonds registered in all authorized forms.* At Federal Reserve Banks and Branches and at the Department of the Treasury, Washington, DC 20226.

(b) *On mail order.* By mail upon application to any Federal Reserve Bank or Branch or to the Department of the Treasury, accompanied by a remittance to cover the issue price. Any form of exchange, including personal

**§316.7**

checks, was accepted, subject to collection. Checks or other forms of exchange were to be drawn to the order of the Federal Reserve Bank or the United States Treasury, as the case may be. Checks payable by endorsement were not acceptable. Any depositary qualified pursuant to the provisions of 31 CFR part 203, also published as Department of the Treasury Circular No. 92, current revision, was permitted to make payment by credit for bonds applied for on behalf of its customers up to any amount for which it was qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

(c) *Savings stamps.* The sale of United States Savings Stamps was terminated effective June 30, 1970. However, outstanding stamps affixed in fully or partially completed albums could be used to purchase Series E bonds at banks or other financial institutions authorized to issue such bonds. Stamps may be redeemed at banks and other financial institutions, through designated Federal Reserve Banks and the Bureau of the Public Debt, Parkersburg, West Virginia.

[57 FR 14276, Apr. 17, 1992, as amended at 59 FR 10535, Mar. 4, 1994]

**§316.7 Delivery of bonds.**

Issuing agents were authorized to deliver Series E bonds either over-the-counter in person, or by mail at the risk and expense of the United States, to the address given by the purchaser, but only within the United States, its territories and possessions, and the Commonwealth of Puerto Rico. No mail deliveries elsewhere were made. If purchased by citizens of the United States temporarily residing abroad, the bonds were delivered to such address in the United States as the purchaser directed.

**§316.8 Extended terms and yields for outstanding bonds.**

(a) *General.* The terms *extended maturity period*, *second extended maturity period*, *third extended maturity period* and *fourth extended maturity period*, when used herein, refer to periods of 10 years or less after the original maturity dates during which owners may retain their bonds and continue to earn inter-

**31 CFR Ch. II (7-1-02 Edition)**

est. No special action is required to take advantage of any extensions heretofore or herein granted. Series E bonds cease to accrue interest upon reaching final maturity.

(b) *Extended maturity periods—(1) Bonds issued from May 1, 1941 through April 1, 1952.* Series E bonds with issue dates of May 1, 1941, through April 1, 1952, reached or will reach final maturity 40 years after their respective issue dates, as shown below.

Issue dates—1st day of	Life of bonds yrs.	Final maturity dates—1st day of
May 1941–Apr. 1952 ..	40	May 1981–Apr. 1992.

(2) *Bonds issued from May 1, 1952 through November 1, 1965.* Bonds with issue dates of May 1, 1952, through November 1, 1965, will receive an additional extension of maturity ranging from 4 months to 2 years and 3 months, as shown below, so that these bonds will reach final maturity 40 years after their respective issue dates.

Issue dates—1st day of	Previous maturities		Previous maturity dates—1st day of
	yrs.	mos.	
May 1952–Jan. 1957	39	8	Jan. 1992–Sept. 1996.
Feb. 1957–May 1959.	38	11	Jan. 1996–Apr. 1998.
Jun. 1959–Nov. 1965.	37	9	Mar. 1997–Aug. 2003.

Issue dates—1st day of	Additional extended maturity period		Life of bonds—yrs.
	yrs.	mos.	
May 1952–Jan. 1957 .....	.....	4	40
Feb. 1957–May 1959 .....	1	1	40
Jun. 1959–Nov. 1965 .....	2	3	40.

Issue dates—1st day of	Final maturity dates—1st day of
May 1952–Jan. 1957 .....	May 1992–Jan. 1997.
Feb. 1957–May 1959 .....	Feb. 1997–May 1999.
Jun. 1959–Nov. 1965 .....	June. 1999–Nov. 2005.

(3) *Bonds issued from December 1, 1965 through June 1, 1980.* Bonds with issue dates of December 1, 1965, through June 1, 1980, will receive an additional extension of maturity ranging from 3 years to 5 years, as shown below, so that these bonds will reach final maturity 30 years after their respective issue dates.

Fiscal Service, Treasury

§316.8

Issue dates—1st day of	Previous maturities		Previous maturity dates—1st day of
	yrs.	mos.	
Dec. 1965–May 1969.	27	.....	Dec. 1992–May 1996.
June 1969–Nov. 1973.	25	10	Apr. 1995–Sept. 1999.
Dec. 1973–Jun. 1980.	25	.....	Dec. 1998–Jun. 2005.

Issue dates—1st day of	Additional extended maturity period		Life of bonds—yrs.
	yrs.	mos.	
Dec. 1965–May 1969 .....	3	.....	30
Jun. 1969–Nov. 1973 .....	4	2	30
Dec. 1973–Jun. 1980 .....	5	.....	30

Issue dates—1st day of	Final maturity dates—1st day of
Dec. 1965–May 1969 .....	Dec. 1995–May 1999.
Jun. 1969–Nov. 1973 .....	Jun. 1999–Nov. 2003.
Dec. 1973–Jun. 1980 .....	Dec. 2003–Jun. 2010.

(c) *Guaranteed minimum investment yield*—(1) *General*. Except as provided in paragraph (c)(2) of this section, the guaranteed minimum investment yields for outstanding Series E bonds are as follows:

(i) For Series E bonds that were in original or extended maturity periods prior to November 1, 1982, the guaranteed minimum investment yield was 8.5 percent per annum, compounded semiannually, effective for the period from the first semiannual interest accrual date on or after May 1, 1981, through the end of such periods, unless the bonds reached final maturity before November 1, 1981.<sup>3</sup> For bonds that entered extensions, see paragraphs (c)(1)(ii) through (c)(1)(iv) of this section.

(ii) For Series E bonds that entered extended maturity periods during the period of November 1, 1982, through October 1, 1986, the guaranteed minimum yield was or is 7.5 percent per annum, compounded semiannually, for such periods, including bonds that entered into an extended maturity period, as shown below:

<sup>3</sup>Series E bonds issued from May 1, 1941, through October 1, 1941, had reached final maturity May 1, 1981, through October 1, 1981, before the 8.5 percent yield had become effective.

<sup>4-5</sup> [Reserved]

Issue dates—1st day of—	Extension	Entered on 1st day of—
Mar. 1953–Nov. 1957	3rd .....	Nov. 1982–Oct. 1986.
Feb. 1965–Dec. 1970	2nd .....	Nov. 1982–Oct. 1986.
Nov. 1977–June 1980	1st .....	Nov. 1982–June 1985.

(iii) For Series E bonds that entered into extended maturity periods during the period of November 1, 1986, through February 1, 1993, the guaranteed minimum yield was or is 6 percent per annum, compounded semiannually, for such periods, including bonds that entered into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension <sup>4</sup>	Entered on 1st day of—
May 1952–Aug. 1953.	4th (final) <sup>5</sup> .....	Jan. 1992–Apr. 1993.
Dec. 1957–May 1965.	3rd .....	Nov. 1986–Feb. 1993.
Dec. 1965–Feb. 1966.	3rd (final) .....	Dec. 1992–Feb. 1993.
Jan. 1971–Feb. 1978	2nd .....	Nov. 1986–Feb. 1993.

<sup>4</sup>Interest for interest accrual periods of less than 6 months is prorated.

<sup>5</sup>All Series E bonds issued between May 1, 1941 and April 1, 1953, have matured and are no longer earning interest.

(iv) For Series E bonds entering extended maturity periods on or after March 1, 1993, the guaranteed minimum yield is 4 percent per annum, compounded semiannually, or the guaranteed minimum investment yield in effect at the beginning of the period, including bonds that enter extended maturity periods, as shown below:<sup>6</sup>

Issue dates—1st day of—	Extension <sup>7</sup>	Entered on 1st day of—
Sep. 1953–May 1965.	4th (final) .....	May 1993–Feb. 2003.
Jun. 1965–Nov. 1965.	3rd .....	Mar. 1993–Aug. 1993.
Jun. 1965–Nov. 1965.	4th (final) .....	Mar. 2003–Aug. 2003.
Mar. 1966–Feb. 1978.	3rd (final) .....	Mar. 1993–Feb. 2003.
Mar. 1978–Jun. 1980.	2nd .....	Mar. 1993–Jun. 1995.
Mar. 1978–Jun. 1980.	3rd (final) .....	Mar. 2003–Jun. 2005.

<sup>7</sup> See footnote 2 above.

<sup>6</sup>Series E bonds with issue dates of July 1 and August 1, 1953, entered a final maturity period of 4 months on March 1, and April 1, 1993, respectively, and received a minimum investment yield of 6 percent per annum, compounded semiannually, for that period.

<sup>7</sup> [Reserved]

(2) *Eleven-year bonus.* If a bond bearing an issue date of January 1, 1951, or thereafter, was held for the 11-year period from the first semiannual interest accrual period that began on or after January 1, 1980, its guaranteed minimum investment yield for such period was increased by one-half of one percent per annum, compounded semi-annually.

(d) *Market-based variable investment yield.* In order to be eligible for the market-based variable investment yield, Series E savings bonds had to be held at least five years beginning with the first semiannual interest accrual date occurring on or after November 1, 1982. The market-based variable investment yield shall be determined by the Secretary of the Treasury as follows:

(1) For each 6-month period, starting with the period beginning May 1, 1982, the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period is determined. Such determination by the Secretary of the Treasury or his or her delegate shall be final and conclusive.

(2) For bonds which entered an extended maturity period prior to May 1, 1989, the market-based variable investment yield from the first semiannual interest accrual date occurring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1987, will be 85 percent, rounded to the nearest one-fourth of one percent, of the arithmetic average of the market yield averages, as determined in accordance with paragraph (d)(1) of this section, for the appropriate number of 6-month periods involved, starting with the period beginning May 1, 1982.

(3) For bonds which entered an extended maturity period on or after May 1, 1989, the market-based variable investment yield from the first semiannual interest accrual date occurring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1989, will be 85 percent, rounded to the nearest one-hundredth of one percent, of the arithmetic average of the market yield averages, as determined in accordance with paragraph (d)(1) of this

section, for the appropriate number of 6-month periods involved, starting with the period beginning May 1, 1982.

(e) *Determination of redemption values during any extended maturity period.* The redemption value of a bond on a given interest accrual date during any extended maturity period will be the higher of the value produced by using the applicable guaranteed minimum investment yield or the value produced by using the appropriate market-based variable investment yield. The calculation of these values is described below:

(1) *Guaranteed minimum investment yield and resulting values during an extended maturity period.* A bond has a guaranteed minimum investment yield for each of its extended maturity periods. The applicable guaranteed minimum investment yields for the current extended maturity period and any subsequent periods are specified in paragraph (c) of this section. In order to determine the value of a bond during an extended maturity period, the value of the bond either at the end of the next preceding maturity period or when the guaranteed minimum investment yield last increased,<sup>8</sup> whichever occurs later, is determined using the applicable guaranteed minimum investment yield. This value is then used as the base upon which interest accrues during the extended maturity period at the guaranteed minimum investment yield in effect for savings bonds at the beginning of that period. The resulting semiannual values are then compared with the corresponding values determined by using the applicable market-based variable investment yields.

(2) *Market-based variable investment yield and resulting values during an extended maturity period.* The market-based variable investment yield from the first semiannual interest accrual date occurring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1987, is determined as specified in paragraph (d) of this section. The value of a bond on its first

<sup>8</sup>The 11-year bonus was the last increase in the guaranteed minimum investment yield (see paragraph (b)(2)). Series E bonds which were eligible to receive this bonus received it on the first semiannual interest accrual date occurring on or after January 1, 1991.



seimannual interest accrual date occurring on or after November 1, 1982 is used as the base upon which interest accrues during an extended maturity period at the applicable market-based variable investment yield. If redeemed, the bond will receive the higher of the two values produced by using the applicable guaranteed minimum investment yield and the applicable market-based variable investment yield.

(f) *Market-based variable investment yields and tables of redemption values.* The market-based variable investment yields for bonds redeemed during each 6-month period, beginning on May 1 and November 1 of each year, are made available prior to each of those dates by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328, accompanied by tables of the redemption values of bonds for the following 6 months, based on either the applicable market-based variable investment yields or guaranteed minimum investment yields.

[57 FR 14276, Apr. 17, 1992, as amended at 58 FR 60936, 60937, Nov. 18, 1993]

#### § 316.9 Taxation.

(a) *General.* For the purpose of determining taxes and tax exemptions, the increment in value represented by the difference between the price paid for Series E bonds and the redemption value received therefor constitutes interest. Such interest is subject to all taxes imposed under the Internal Revenue Code of 1986, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

(b) *Federal income tax on bonds.* An owner of Series E bonds who is a cash-basis taxpayer may use either of the following two methods of reporting the increase in the redemption value of the bonds for Federal income tax purposes:

(1) Defer reporting the increase to the year of final maturity, actual redemption, or other disposition, whichever is earlier; or

(2) Elect to report the increases each year as they accrue, in which case the

election applies to all Series E bonds then owned and those subsequently acquired, as well as to any other similar obligations purchased on a discount basis. If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting without permission from the Internal Revenue Service. For further information on Federal income taxes, the Service Center Director, or District Director, Internal Revenue Service, of the taxpayer's district may be contacted.

#### § 316.10 Payment or redemption.

(a) *General.* A Series E bond may be redeemed in accordance with its terms at the appropriate redemption value shown in the applicable table described in paragraph (f) of § 316.8. The redemption values of bonds in the denomination of \$100,000 are not shown in the tables. However, the redemption value of a bond in that denomination will be equal to ten times the redemption value of a \$10,000 bond of the same issue date. A bond in a denomination higher than \$25 (face amount) may be redeemed in part but only in the amount of an authorized denomination or multiple thereof.

(b) *Federal Reserve Banks and Branches and United States Treasury.* Owners of Series E bonds may obtain payment upon presentation and surrender of the bonds to a Federal Reserve Bank or Branch referred to in § 316.12 or to the Department of the Treasury with the request for payment on the bonds duly executed and certified in accordance with the governing regulations.

(c) *Incorporated banks, savings and loan associations and other financial institutions.* (1) A financial institution qualified as a paying agent under the provisions of 31 CFR part 321, also published as Department of the Treasury Circular, Public Debt Series No. 750, as revised, will pay the current redemption value of a Series E bond presented for payment by an individual whose

**§316.11**

**31 CFR Ch. II (7-1-02 Edition)**

name is inscribed on the bond as owner or coowner, provided:

- (i) The bond is in order for payment; and
- (ii) The presenter establishes his or her identity to the satisfaction of the agent, in accordance with Treasury instructions and identification guidelines, and signs and completes the requests for payment.

(2) A paying agent may (but is not required to) pay a Series E bond, at current redemption value, upon the request of a legal representative designated in the bond's registration by name and capacity, a court-appointed legal representative of the last-deceased registrant's estate, or a beneficiary, if he or she survives the owner, provided:

- (i) The bond is in order for payment; and
- (ii) The presenter establishes his or her identity to the satisfaction of the agent, in accordance with Treasury instructions, identification guidelines, and otherwise complies with evidentiary requirements.

[57 FR 14276, Apr. 17, 1992, as amended at 59 FR 10535, Mar. 4, 1994]

**§316.11 Reservation as to issue of bonds.**

The Secretary of the Treasury reserved the right to reject any application for purchase of Series E bonds, in whole or in part, and to refuse to issue, or permit to be issued hereunder, any such bonds in any case or any class or classes of cases if such action was deemed to be in the public interest. Any action in any such respect was final.

**§316.12 Fiscal agents.**

(a) Federal Reserve Banks and Branches referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the redemption and payment of Series E bonds.

(b)(1) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(2) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, such services will be phased out over the period prior to that date.

[59 FR 10535, Mar. 4, 1994]

**§316.13 Reservation as to terms of offer.**

The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this offering of bonds, or of any amendments or supplements thereto.

**PART 317—REGULATIONS GOV-  
ERNING AGENCIES FOR ISSUE OF  
UNITED STATES SAVINGS BONDS**

## Sec.

- 317.0 Purpose and effective date.  
317.1 Definitions.  
317.2 Organizations authorized to act.  
317.3 Procedure for qualifying and serving as issuing agent.  
317.4 Issuing agents currently qualified.  
317.5 Termination of qualification.  
317.6 Issuance of bonds.  
317.7 Obtaining and accounting for bond stock.  
317.8 Remittance of sales proceeds and registration records.  
317.9 Role of Federal Reserve Banks.  
317.10 Reservation.

AUTHORITY: 2 U.S.C. 901; 5 U.S.C. 301; 12 U.S.C. 391; 12 U.S.C. 1767; 31 U.S.C. 3105.

SOURCE: 54 FR 40830, Oct. 3, 1989, unless otherwise noted.

**§ 317.0 Purpose and effective date.**

The regulations in this part govern the manner in which an organization may qualify and act as an agent for the sale and issue of Series EE and Series I United States Savings Bonds.

[63 FR 38041, July 14, 1998]

**§ 317.1 Definitions.**

(a) *Bond(s)* means Series EE United States Savings Bonds and Series I United States Savings Bonds.

(b) *Federal Reserve Bank* refers to the Federal Reserve Bank or Branch providing savings bond services to the district in which the issuing agent or the applicant organization is located. See § 317.9(a).

(c) *Issuing agent* refers to an organization that has been qualified by a designated Federal Reserve Bank or the Commissioner of the Bureau of the Public Debt to sell savings bonds. An issuing agent acts as an agent of the purchaser in handling the remittance. The definition encompasses:

(1) Each organization that accepts and processes purchase orders for bonds sold over-the-counter, but does not inscribe bonds, and

(2) Each organization that is authorized to inscribe bonds sold over-the-counter or through payroll savings plans.

(d) *Offering circular* refers to Department of the Treasury Circular, Public Debt Series No. 1-80, current revision, for Series EE savings bonds, and to Department of the Treasury Circular, Public Debt Series No. 1-98 for Series I savings bonds.

(e) *Organization* means an entity, as described in § 317.2, that may qualify as an issuing agent of bonds.

[63 FR 64550, Nov. 20, 1998]

**§ 317.2 Organizations authorized to act.**

The following organizations are eligible to apply for qualification and to serve as savings bond issuing agents:

(a) Banks, credit unions, trust companies and savings institutions, if they are chartered by or incorporated under the laws of the United States, any State or Territory of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

(b) Agencies of the United States and State and local governments.

(c) Employers operating payroll savings plans for the purchase of United States Savings Bonds, as well as organizations operating payroll savings plans on behalf of employers.

(d) Other organizations specifically and individually qualified by the Commissioner of the Bureau of the Public Debt whenever the Commissioner deems such a qualification to be in the public interest. In selecting an issuing agent, the Commissioner may use such process that the Commissioner deems to be appropriate. The selected issuing agent will be subject to such conditions that the Commissioner deems to be appropriate.

[63 FR 64550, Nov. 20, 1998, as amended at 65 FR 2035, Jan. 13, 2000]

**§ 317.3 Procedure for qualifying and serving as issuing agent.**

(a) *Execution of application agreement.* An organization seeking issuing agent qualification generally shall obtain from and file with a designated Federal Reserve Bank an application-agreement form. However, if an organization seeks qualification under § 317.2(d) or because of its status as an organization operating a payroll savings plan on behalf of an employer under § 317.2(c), it

### §317.4

shall make application directly to the Bureau of the Public Debt for approval by the Commissioner of the Bureau of the Public Debt. An application-agreement sent directly to the Bureau of the Public Debt shall be supplemented by such other information as the Bureau of the Public Debt may request.

(1) The terms of each application agreement shall include the provisions prescribed by section 202 of Executive Order No. 11246, entitled "Equal Employment Opportunity" (3 CFR, subchapter B, 42 U.S.C. 2000e note).

(2) The provisions of the Privacy Act of 1974, as amended (5 U.S.C. 552a), and regulations issued pursuant thereto (31 CFR part 1, subpart C).

(b) *Certificate of qualification.* Upon approval of an application-agreement, the designated Federal Reserve Bank or the Bureau of the Public Debt will issue a certificate of qualification to the organization. Until the receipt of such a certificate, an organization shall not perform any act as an issuing agent, or advertise in any manner that it is authorized to so act or that it has applied for qualification as an issuing agent. After receipt of a certificate of qualification, an organization may perform the functions of an issuing agent. Under the terms of the application-agreement, the proceeds of the sale of bonds are at all times the property of the United States for which the organization shall be fully accountable.

(c) *Adverse action or change in qualification.* An organization will be notified by the designated Federal Reserve Bank or the Bureau of the Public Debt if its application-agreement to act as issuing agent is not approved, or if, after issuance, its certificate of qualification is terminated.

[54 FR 40830, Oct. 3, 1989, as amended at 59 FR 10535, 10536, Mar. 4, 1994; 63 FR 64550, Nov. 20, 1998]

### §317.4 Issuing agents currently qualified.

Each organization, qualified as an issuing agent under a trust agreement currently in effect, is authorized to continue to act in that capacity without requalification. By so acting, it shall be subject to the terms and conditions of the previously executed application-agreement and these regula-

### 31 CFR Ch. II (7-1-02 Edition)

tions in the same manner and to the same extent as though it had requalified hereunder.

### §317.5 Termination of qualification.

(a) *By the United States.* The Secretary of the Treasury or a delegate may terminate the qualification of an issuing agent at any time, upon due notice to the agent. If this action is taken, the agent will be required to make a final accounting for the balance of savings bond stock for which it is charged, based on the records of the designated Federal Reserve Bank. The agent must surrender all unissued bonds and remit the issue price of any remaining bonds included in its accountability.

(b) *At request of issuing agent.* A designated Federal Reserve Bank will terminate the qualification of an issuing agent upon its request, provided the agent is in full compliance with the terms of its agreement and the applicable regulations and instructions, and renders a final accounting.

[54 FR 40830, Oct. 3, 1989, as amended at 59 FR 10536, Mar. 4, 1994]

### §317.6 Issuance of bonds.

(a) *General.* Each issuing agent shall comply with all regulations and instructions issued by the Department of the Treasury directly, or through the designated Federal Reserve Bank, concerning the sale, inscription, dating, and validation of bonds; the acceptance, processing, and transmittal of over-the-counter purchase orders; the remittance of sales proceeds; and the disposition of paper and electronic registration records. No issuing agent shall have authority to sell bonds other than as provided in the offering circular.

(b) *Fees.* Each issuing agent, other than a Federal agency, will be paid fees. Only issuing agents are eligible to collect fees. With prior approval, agents that are authorized to inscribe bonds and receive fee payments will also be paid a bonus for presorting savings bond mailings. Schedules reflecting the amount of the fees and presort bonuses, and the basis on which they are computed and paid, will be published separately in the FEDERAL REGISTER.

(c) *No charge to customers.* Any issuing agent that accepts fees from the Department of the Treasury for selling savings bonds, and/or accepting over-the-counter purchase orders, shall not make any charge to customers for the same service.

[54 FR 40830, Oct. 3, 1989, as amended at 55 FR 39960, Oct. 1, 1990; 58 FR 63529, Dec. 2, 1993; 59 FR 10536, Mar. 4, 1994; 63 FR 64550, Nov. 20, 1998]

### §317.7 Obtaining and accounting for bond stock.

An issuing agent that is authorized to inscribe bonds sold over-the-counter or through payroll savings plans may obtain bond stock from the designated Federal Reserve Bank. The bond stock is, at all times, the property of the United States. The organization shall be fully accountable for the bond stock consigned to it in accordance with all regulations and instructions issued by the Department of the Treasury.

[54 FR 40830, Oct. 3, 1989, as amended at 59 FR 10536, Mar. 4, 1994]

### §317.8 Remittance of sales proceeds and registration records.

An issuing agent shall account for and remit bond sales proceeds and registration records promptly in accordance with regulations and instructions issued by the Department of the Treasury, either directly or through the designated Federal Reserve Banks. Failure to comply with these instructions may subject an agent to penalties, including termination of its qualification as an issuing agent.

APPENDIX TO §317.8—REMITTANCE OF SALES PROCEEDS AND REGISTRATION RECORDS, DEPARTMENT OF THE TREASURY CIRCULAR, PUBLIC DEBT SERIES NO. 4-67, THIRD REVISION (31 CFR PART 317), FISCAL SERVICE, BUREAU OF THE PUBLIC DEBT

#### Subpart A—General Information

1. *Purpose.* This appendix is issued for the guidance of organizations qualified as issuing agents of Series EE and I United States Savings Bonds under the provisions of Department of the Treasury Circular, Public Debt Series No. 4-67, current revision. Its purpose is to supplement the provisions of §317.8 of the Circular relating to the remittance of savings bond sales proceeds and registration records, including the interest charge to be collected for late remittances.

2. *Definition of terms.* As used in this appendix:

(a) *Issue Date* is the date as of which a bond begins to earn interest. It is the date entered by the issuing agent in the upper right corner of the bond.

(b) *Validation Date* is the date as of which a bond is actually inscribed for issue. It is entered by the issuing agent immediately below the "Issue Date" in the area marked "Issuing Agent's Dating Stamp".

(c) *Over-the-counter sale* means any sale of savings bonds other than payroll sales.

(d) *Payroll sale* includes all issues of savings bonds paid for with deductions withheld from the pay of employees of organizations which maintain (i) payroll savings plans or (ii) thrift, savings, vacation, or similar plans.

(e) *Issuing agent*, as provided in §317.1(c) of the Circular, refers to an organization that has been qualified by a designated Federal Reserve Bank or the Commissioner of the Bureau of the Public Debt to sell savings bonds.

(f) *Immediately available funds* are remittances of funds which are available for the use by the Department of the Treasury immediately upon receipt by the Department or its fiscal agents, and include, but are not limited to:

(1) A change to the remitter's (or a correspondent depository institution's) reserve account with a Federal Reserve Bank;

(2) A Federal funds check;

(3) A United States Government check; or

(4) A postal money order.

(g) *Financial institutions* refers to banks, trust companies, credit unions, and savings institutions chartered by or incorporated under the laws of the United States, or those of any State or Territory of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

(h) *Nonfinancial institutions* refers to any issuing agent not described under paragraph (g) of this appendix.

3. *Determination of issue date.* The obligation of the United States to pay interest on a savings bond is determined by its issue date. That date is the first day of the month in which a qualified issuing agent receives or accumulates the full purchase price of the bond. In the case of a bond purchased under a payroll savings plan operated by an organization which is not an issuing agent, the issue date should be fixed as of the month in which the organization accumulates the full purchase price of the bond. Such funds must, however, be remitted to the issuing agent in time to permit such dating.

4. *Forms of remittance.* Issuing agents shall remit sales proceeds in timely fashion as follows:

(a) Issuing agents which are financial institutions must remit in immediately available funds.

## § 317.8

(b) Issuing agents which are nonfinancial institutions should remit in immediately available funds.

(c) The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify this provision. The Commissioner may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any agent or agents of unusual hardship:

(1) If such action would not be inconsistent with law or equity,

(2) If it does not impair any existing rights, and

(3) If the Commissioner is satisfied that such action would not subject the United States to any substantial expense or liability.

5. *Remittance date.* Sales proceeds should be remitted on the date shown on the transmittal document, i.e., PD F 3252-OC or PD F 5255-RDS for over-the-counter sales or PD F 4848 for payroll sales. If there is a significant time difference between the date on the transmittal document and the date of receipt in the designated Federal Reserve Bank, the transmittal date may be determined, for purposes of this appendix, by the postmark, if the remittance is mailed, or the receipt date, if the remittance is forwarded by courier, messenger, or similar means.

### *Subpart B—Over-the-Counter Sales*

1. *Regional Delivery (RDS) participants.* An agent participating in the Regional Delivery System (RDS) is authorized to sell bonds over-the-counter. It will accept and review customer purchase orders, but it will not inscribe the bonds. Purchase order information will be forwarded to a designated Federal Reserve Bank for inscription of the bonds. An authorized RDS participant shall remit sales proceeds and purchase orders (on paper or in an electronically processible format) to a designated Federal Reserve Bank within five (5) business days of receipt from the customer.

2. *Issues-on-Tape Program participants.* An agent that has been authorized by the Bureau of the Public Debt to inscribe bonds sold over-the-counter and report such sales on magnetic tape shall remit sales proceeds and electronic issue records no less often than once a week on a schedule established by the designated Federal Reserve Bank.

### *Subpart C—Remittance of Payroll Sales Proceeds*

1. *Application of requirements.* The remittance requirements for payroll sales apply only to issuing agents. An employer that maintains a payroll savings plan but does not issue bonds shall be notified by the servicing issuing agent that it must remit sales proceeds to the issuing agent in sufficient

## 31 CFR Ch. II (7–1–02 Edition)

time to permit compliance with the requirements.

2. *Remittance of payroll sales deductions.* Issuing agents shall remit sales proceeds throughout the month shown in the issue date as soon as the full amount of the purchase price of the bonds has been received or accumulated. In no case should such proceeds be remitted later than the second business day of the month following the month shown in the issue date. The issuing agent shall ensure that its system properly accounts for and recognizes when the full purchase price has been received, or has been accumulated, so that timely remittance can be made. The issuing agent shall transmit registration records in an electronically processible format within thirty (30) days following the month shown on the issue date.

### *Subpart D—Interest on Late Remittances*

1. *Rate of interest.* Interest will be assessed for each day's delay in the remittance of sales proceeds, based on the actual date of remittance. The rate of interest to be used will be the current value of funds to the Department of the Treasury, as set forth each quarter in the Treasury Financial Manual. The rate applied will be that in effect during the entire period in which the remittance is late. The interest assessment will be collected by the designated Federal Reserve Bank.

2. *Waiver.* Interest will be waived in the situations described below as well as in any specific case where, in the judgment of the Commissioner of the Public Debt, the circumstances warrant such action. The Commissioner's decision on any waiver action shall be final.

(a) *Bonds inscribed by issuing agent—(i) Payroll sales.* If, during any three (3) month period, the interest assessed on an issuing agent's late remittance of proceeds from payroll savings plan sales or thrift, savings, vacation, or similar plan sales accumulates to less than \$50 for each type of sales, the interest assessed for the first month will be waived. The interest assessed for each type of sales for the remaining two (2) months will then be carried forward to the next period of three (3) consecutive months.

(ii) *Over-the-counter issues.* The interest assessed on an agent's late remittance of over-the-counter sales proceeds transmitted during a given month will be waived if it is less than \$50.

(b) *Bonds inscribed by the designated Federal Reserve Bank.* The interest assessed on late remittance of all sales proceeds transmitted during a given month will be waived if it is less than \$25.

(c) *Suspension of waiver.* The Commissioner may suspend the application of the waiver in

**Fiscal Service, Treasury**

**Pt. 321**

the case of any agent that consistently fails to meet the remittance requirements.

[54 FR 40830, Oct. 3, 1989, as amended at 59 FR 10536, Mar. 4, 1994; 63 FR 38041, July 14, 1998; 63 FR 64550, Nov. 20, 1998]

**§ 317.9 Role of Federal Reserve Banks.**

(a) *Role as fiscal agents.* In their capacity as fiscal agents of the United States, the Federal Reserve Banks re-

ferred to below are authorized to perform such duties, including the issuance of instructions and forms, as may be necessary to fulfill the purposes and requirements of these regulations.

(b) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV, (except northern panhandle).
Federal Reserve Bank of Minneapolis, 90 Hennepin Avenue, Minneapolis MN 55401.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MI, MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(c) *Specific activities of designated Federal Reserve Banks.* The specific activities of designated Federal Reserve Banks include:

- (1) Qualifying issuing agents;
- (2) Supplying agents with bond stock, maintaining records of agent accountability, and monitoring compliance with stock consignment rules;
- (3) Instructing agents regarding the sale and issue of bonds, the custody and control of bond stock, and the accounting for and remittance of sales proceeds; and
- (4) Providing guidelines covering the amount of bond stock agents may ordinarily requisition and maintain.

[54 FR 40830, Oct. 3, 1989, as amended at 59 FR 10536, Mar. 4, 1994; 63 FR 38041, July 14, 1998]

**§ 317.10 Reservation.**

The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of these regulations.

**PART 321—PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS OF UNITED STATES SAVINGS BONDS AND UNITED STATES SAVINGS NOTES (FREEDOM SHARES)**

**Subpart A—General Information**

- Sec.
- 321.0 Purpose.
- 321.1 Definitions.

**Subpart B—Procedures for Qualification**

- 321.2 Eligible organizations.
- 321.3 Procedure for qualifying and serving as paying agent.
- 321.4 Paying agents previously qualified.
- 321.5 Termination of qualification.

**Subpart C—Scope of Authority**

- 321.6 General.
- 321.7 Authorized cash payments.
- 321.8 Redemption-exchange of Series E and EE savings bonds and savings notes.
- 321.9 Specific limitations on payment authority.
- 321.10 Responsibilities of paying agents.

## § 321.0

31 CFR Ch. II (7-1-02 Edition)

### Subpart D—Payment and Transmittal of Securities

- 321.11 Payment.
- 321.12 Redemption value of securities.
- 321.13 Cancellation of redeemed securities.
- 321.14 Transmittal to and settlement by Federal Reserve Bank.

### Subpart E—Losses Resulting From Erroneous Payments

- 321.15 Liability for losses.
- 321.16 Report of erroneous payment.
- 321.17 Investigation of potential loss.
- 321.18 Determination of loss.
- 321.19 Certification of signatures.
- 321.20 Applicability of provisions.
- 321.21 Replacement and recovery of losses.

### Subpart F—Forwarding Items

- 321.22 Forwarding securities not payable by an agent.

### Subpart G—Miscellaneous Provisions

- 321.23 Paying agent fees and charges.
- 321.24 Claims on account of lost securities.
- 321.25 Role of Federal Reserve Banks.
- 321.26 Preservation of rights.
- 321.27 Supplements, amendments, or revisions.

APPENDIX TO PART 321—APPENDIX TO DEPARTMENT OF THE TREASURY CIRCULAR NO. 750, FOURTH REVISION

AUTHORITY: 2 U.S.C. 901; 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105, 3126.

SOURCE: 53 FR 37511, Sept. 26, 1988, unless otherwise noted.

### Subpart A—General Information

#### § 321.0 Purpose.

These regulations govern the manner in which financial institutions may qualify and act as paying agents for the redemption of:

(a) United States Savings Bonds of Series A, B, C, D, E, EE, and I, and United States Savings Notes (Freedom Shares), presented for cash payment; and

(b) Eligible Series E and EE savings bonds and savings notes presented for redemption in exchange for Series HH savings bonds under the provisions of Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR part 352).

[53 FR 37511, Sept. 26, 1988, as amended at 63 FR 38042, July 14, 1998]

#### § 321.1 Definitions.

(a) *ACH payment* or *ACH* means an Automated Clearing House method of transferring funds under the provisions of 31 CFR part 210.

(b) *Beneficiary* means an individual whose name is inscribed on a security as the person to whom it is payable in his or her right upon the prior death of the other individual designated thereon as owner, shown commonly in the form: “A P.O.D. [payable on death to] B.”

(c) *Cash payment* means payment in currency, by check or by credit to a checking, savings or share account.

(d) *Central Site* refers to the Federal Reserve Bank of Cleveland, Pittsburgh Branch, EZ CLEAR Department.

(e) *EZ CLEAR* refers to the system by which financial institutions present redeemed securities to a Federal Reserve Bank through the commercial check collection system in the same manner as other cash items.

(f) *Federal Reserve Bank or Branch* refers to the Federal Reserve Bank to which the agent is instructed to transmit redeemed securities; or to which the agent is instructed to forward securities for payment or other transactions, and includes parent Banks, Branches and Regional Check Processing Centers, as appropriate.

(g) *Legal Representative or representative* means the court-appointed (or otherwise qualified) person, regardless of title, who is legally authorized to act for the estate of a minor, incompetent, aged person, absentee, *et al.*, the court-appointed executor or administrator, regardless of title, who is legally authorized to act for a decedent's estate; and the trustee of a personal trust estate.

(h) *Mixed cash letter* refers to a bundle containing nonsegregated redeemed securities, cash items, and other items submitted to a Federal Reserve Bank via the commercial check collection system.

(i) *Paying agent or agent* means:

(1) A financial institution that is qualified under the provisions of this part as originally issued, or any subsequent revision, to make payment of securities, and includes branches located



within the United States, its territories and possessions, and the Commonwealth of Puerto Rico; and

(2) Any banking facilities of such institutions establishing at military installations overseas, provided the offering of such redemption services has been authorized by the Department of the Treasury.

(j) *Presenter* means the individual requesting the redemption or redemption-exchange of securities.

(k) *Presenting institution* means the organization from which the Federal Reserve Bank receives redeemed securities to be processed via EZ CLEAR. If a paying agent submits separately sorted or mixed cash letters directly to the Bank, using its own ABA code, it is the presenting institution. If a correspondent financial institution submits cash letters on behalf of another institution using the correspondent's ABA code, the correspondent is the presenting institution.

(l) *Redemption* and *payment* are used interchangeably for payment of a security in accordance with the terms of its offering and governing regulations, including redemption-exchange.

(m) *Redemption-exchange* means the authorized redemption of eligible securities for the purpose of applying the proceeds in payment for other securities offered in exchange by the Treasury.

(n) *Registrant* means a person whose name is inscribed on a security as owner, coowner, or beneficiary.

(o) *Security* means a United States Savings Bond of Series A, B, C, D, E, EE, or I and/or a United States Savings Note (Freedom Share).

(p) *Separately sorted cash letter* refers to a bundle of redeemed securities that have been segregated from all other items prior to transmittal to a Federal Reserve Bank via EZ CLEAR.

(q) *Taxpayer identifying number* means a social security account number or an employer identification number.

[53 FR 37511, Sept. 26, 1988; 53 FR 39581, Oct. 7, 1988, as amended at 55 FR 35395, Aug. 29, 1990; 59 FR 10536, Mar. 4, 1994; 63 FR 38042, July 14, 1998]

## Subpart B—Procedures for Qualification

### § 321.2 Eligible organizations.

(a) Organizations eligible to apply for qualification and to serve as paying agents are commercial banks, trust companies, savings banks, savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks, or similar financial institutions which:

(1) Are incorporated under Federal law or the laws of a State, territory or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico;

(2) In the usual course of business accept, subject to withdrawal, funds for deposit or the purchase of shares;

(3) Are under the supervision of the banking department or equivalent authority of the jurisdiction in which they are incorporated; and

(4) Maintain regular offices for the transaction of business.

(b)(1) An organization that desires to redeem securities must first qualify as a paying agent. An organization that has qualified and is serving as a paying agent must:

(i) MICR-encode data on securities accepted for payment,

(ii) Submit them directly to the Check Department of the appropriate Federal Reserve Bank or Branch or the Regional Check Processing Center, and

(iii) Receive payment of fees by ACH, or arrange to obtain one or more of these services from another financial institution.

(2) All presenting institutions, as defined in § 321.1, must qualify as savings bond paying agents and enroll in EZ CLEAR.

[53 FR 37511, Sept. 26, 1988, as amended at 59 FR 10536, Mar. 4, 1994]

### § 321.3 Procedure for qualifying and serving as paying agent.

(a) *Execution of application-agreement.* An eligible organization wishing to act as a paying agent shall obtain from, execute, and file an application-agreement with the appropriate Federal Reserve Office referred to in § 321.25. The terms of each application-agreement

## § 321.4

shall include a reference to the following provisions to which paying agents are subject:

(1) The provisions prescribed by section 202 of Executive Order 11246, entitled "Equal Employment Opportunity", as amended (42 U.S.C. 2000e note); and

(2) The provisions of the Privacy Act of 1974, as amended (5 U.S.C. 552a), and regulations issued pursuant thereto (31 CFR part 1, subpart C).

For the purpose of these regulations, eligible institutions in Puerto Rico and the Virgin Islands shall make application to the Federal Reserve Bank Branch in Buffalo, New York and eligible institutions in Guam shall make application to the Federal Reserve Bank of Kansas City.

(b) *Qualification.* Each Federal Reserve Bank referred to in § 321.25, as fiscal agent of the United States, is authorized to qualify any eligible organization, located in the Reserve Bank's geographical area, as shown in § 321.25, which possesses adequate authority under its charter to act as paying agent. Upon approval of an application-agreement, the Bank will issue a certificate of qualification to the organization. Such a certificate automatically qualifies the branches of the organization to redeem securities as provided in this part.

(c) *Announcement of authority.* Upon receipt of a certificate of qualification from a Federal Reserve Bank referred to in § 321.25, a financial institution may announce or advertise its authority to redeem eligible securities for cash and to process eligible Series E and EE savings bonds and savings notes presented for redemption in exchange for Series HH savings bonds under the provisions of Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR part 352).

(d) *Adverse action.* An organization will be notified by the appropriate Federal Reserve Bank referred to in § 321.25, in writing, if its application-agreement to act as paying agent is not approved.

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35395, Aug. 29, 1990; 59 FR 10537, Mar. 4, 1994; 63 FR 38042, July 14, 1998]

## 31 CFR Ch. II (7-1-02 Edition)

### § 321.4 Paying agents previously qualified.

Institutions qualified as paying agents under previous revisions of this Part are authorized to continue to act in that capacity without requalification. By so acting, they shall be subject to the terms and conditions of their previously executed application-agreements and these regulations in the same manner and to the same extent as though they had requalified hereunder.

### § 321.5 Termination of qualification.

(a) *By the Treasury.* The Secretary of the Treasury, or a designee, may authorize a Federal Reserve Bank referred to in § 321.25 to terminate the qualification of any paying agent at any time, following prior written notice of such action to the agent.

(b) *At request of paying agent.* A Federal Reserve Bank referred to in § 321.25 will terminate the qualification of a paying agent upon its written request, provided the agent renders a final accounting for all redeemed securities and is found to have fully complied with the terms of its agreement and the applicable regulations and instructions.

(c) *Reservation.* Termination of the qualification as paying agent of any institution shall not prejudice the right of the Treasury to recover the amounts of any erroneous payment(s) made by the institution.

[53 FR 37511, Sept. 26, 1988, as amended at 59 FR 10537, Mar. 4, 1994]

## Subpart C—Scope of Authority

### § 321.6 General.

Securities are issued only in registered form (subject to 31 CFR 359.11), are not transferable, may not be hypothecated or used as collateral for a loan, and, except as otherwise specifically provided in the governing regulations and this part, are payable to the owner or coowner named on the security. The regulations governing Series EE and HH bonds are contained in Department of the Treasury Circular, Public Debt Series No. 3-80, current revision (31 CFR part 353); those governing Series I bonds are contained in

## Fiscal Service, Treasury

## § 321.7

Department of the Treasury Circular, Public Debt Series No. 2-98 (31 CFR part 360); and, those governing all other series of U.S. savings securities are contained in Department of the Treasury Circular No. 530, current revision (31 CFR part 315).

[63 FR 38042, July 14, 1998]

### § 321.7 Authorized cash payments.

(a) *General.* Subject to the terms and conditions appearing on the securities, the governing regulations, and the provisions of this part, and any instructions issued in connection therewith, an agent may make payment of savings bonds of Series A, B, C, D, E, EE, and I, and savings notes, presented for cash redemption. Except as provided in paragraphs (b) through (d), and (f) of this section, the securities must be presented by an individual whose name is inscribed on the securities as owner or coowner, and who is known to the agent, or who can establish his or her identity in accordance with Treasury instructions and guidelines (See § 321.11(b)).

(b) *Change of name by marriage.* If the name of the presenter has been changed by marriage from that shown on the security, and the agent knows or establishes that the presenter and the person whose name appears on the security are one and the same individual, the agent may pay the security in accordance with paragraph (a) of this section. The signature to the request for payment should show both names, *e.g.*, "Mary J. Smith, changed by marriage from Mary T. Jones."

(c) *Parent of a minor.* Payment of a security bearing the name of a minor child, who is not of sufficient competency and understanding to sign the request for payment and comprehend the nature of the act, may be made to either parent with whom the minor resides or to whom custody has been granted, provided the form of registration does not indicate that a guardian or similar representative of the estate of the minor has been appointed or is otherwise legally qualified. Payment under this subsection may not be made to any person other than a parent. The parent requesting payment must sign the request for payment in the form, *e.g.*, "John A. Jones, on behalf of John

C. Jones." The following endorsement must be typed or imprinted on the back of the security:

I certify that I am the (father or mother) of John C. Jones and the person (with whom he resides) (to whom custody has been granted). He is \_\_\_\_ years of age and is not of sufficient competency and understanding to sign the request.

(d) *Payment to beneficiary.* An agent may redeem a security registered "A P.O.D. [payable on death to] B" for cash at the request of the surviving beneficiary following the owner's death. A copy of the owner's death certificate, certified under seal of the State or local registrar, must be furnished to support the request for payment.

(e) *Payment to a legal representative designated on a security by name and title.* An agent may redeem a security registered in the name and title of a legal representative as defined in § 321.1(f), if the legal representative is known to the agent, or can establish identity in accordance with Treasury instructions and guidelines. The request for payment on the back of each security must be signed by the legal representative designated by name and title in the registration on the front of the security, or by a person authorized or empowered to act for a corporate legal representative so designated. The full title of the legal representative should be shown adjacent to each signature and, in the case of a corporate legal representative, the full corporate name, as well as the title, *i.e.*, vice president, trust officer, etc., should be shown. Examples:

Henry C. Smith, conservator of the estate of John R. White, an adult, pursuant to Sec. 633.572 of the Iowa Code.

Tenth National Bank by Arnold A. Ames, Vice President, guardian of the estate of Barry B. Bryan, a minor.

(f) *Payment to a legal representative of a decedent's estate not designated on a security.* An agent may redeem a security bearing the names of deceased persons in the registration, if the legal representative of the estate of the last deceased registrant:

- (1) Presents the security;
- (2) Signs the request for payment on the back of the security, showing the

## § 321.8

## 31 CFR Ch. II (7-1-02 Edition)

representative's full title adjacent to the signature; and

(3) Presents acceptable evidence of the legal representative's appointment and of the dates of death of all persons named in the security's registration, in accordance with this part and the appendix.

In the case of a corporate legal representative, the full corporate name, as well as the title, must be shown. Examples:

John H. Smith and Charles N. Jones, co-executors of the will of Robert J. Smith, deceased.

Tenth National Bank by John F. Green, Trust Officer, executor of the will of George N. Brown, deceased.

(g) *Interest reporting.* A paying agent is required to report interest in the amount of \$10 or more, paid as part of the redemption value of securities, to the payee and to the Internal Revenue Service, in accordance with 26 CFR 1.6049-4. (See Item 26 of the appendix to this part for information concerning the education feature of Series EE savings bonds issued on or after January 1, 1990, and of Series I savings bonds.)

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35395, Aug. 29, 1990; 63 FR 38042, July 14, 1998]

### § 321.8 Redemption-exchange of Series E and EE savings bonds and savings notes.

(a) *General.* Subject to the provisions of Circular No. 2-80 (31 CFR part 352), the governing regulations, and the provisions of this part and its appendix, an agent may make payment of eligible securities presented for redemption in exchange for Series HH bonds. Securities eligible for exchange are:

(1) Series EE bonds presented no earlier than six months from their issue dates; and

(2) Series E bonds and savings notes presented no later than one year from the month in which they reached final maturity. The total redemption value of the securities presented for exchange must be at least \$500.

(b) *Requirements for redemption-exchange.* An agent shall not accept and redeem eligible securities on exchange unless:

(1) The securities are accompanied by a completed exchange subscription signed by the presenter;

(2) The presenter is the owner, the legal representative (excluding a representative of a decedent's estate), the surviving coowner or beneficiary, or the principal coowner (as defined in § 352.7(e)(2) in 31 CFR part 352 (Circular No. 2-80)) of the securities presented for exchange and is to be named as owner or first-named coowner on the Series HH bonds; and

(3) The request for payment on each security is signed by the presenter. A presenter who is a legal representative should show the full title adjacent to each signature and, in the case of a corporate legal representative, should show the full corporate name, as well as the title. If the name of the presenter has been changed by marriage, or if the presenter is named as beneficiary or legal representative on the securities, the agent may process the transaction in accordance with the provisions of § 321.7 (b), (d), or (e) of this part. If the agent is authorized and elects to use the special endorsement procedure, set out in 31 CFR part 330 (Circular No. 888, current revision), the requests for payment do not need to be signed; however, this special endorsement may not be used in lieu of the presenter's signature on the exchange subscription.

(c) *Interest reporting.* To the extent that it represents interest of \$10 or more, a paying agent is required to report cash, refunded in an exchange transaction, to the presenter and to the Internal Revenue Service under the provisions of 26 CFR 1.6049-4.

(d) *Completion of transaction.* An agent shall transmit for settlement via EZ CLEAR securities redeemed on exchange and, at the same time, forward the exchange application (PD F 3253) and any additional cash needed to complete the transaction, to the Fiscal Agency Department of the servicing Federal Reserve Bank referred to in § 321.25. Securities redeemed on exchange may be commingled with cash redemptions in mixed or separately sorted cash letters."

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35396, Aug. 29, 1990; 59 FR 10537, Mar. 4, 1994]

## Fiscal Service, Treasury

## § 321.11

### § 321.9 Specific limitations on payment authority.

An agent is not authorized to redeem a security for cash or on redemption-exchange:

(a) If it is a Series EE bond or a Series I bond presented for payment prior to six months from its issue date.

(b) If it is a savings bond of Series F, G, H, J, K, or HH.

(c) If the presenter is acting under a power of attorney.

(d) If the agent does not know or cannot establish the identity of the presenter as a person entitled to request payment as provided in § 321.7.

(e) If the presenter does not sign his or her name in ink as it is inscribed on the security (except as provided in § 321.7 (b) or (c) of this part, or appears in evidence of appointment (see § 321.7(f)), and show a home or business address.

(f) If the taxpayer identifying number of the presenter, or the estate represented by the presenter, is not known to the agent and the presenter refuses to furnish the number.

(g) If the security bears a material irregularity, such as an illegible, incomplete or unauthorized inscription, issue date, or issuing agent's validating data, or if any essential part of the security appears to have been altered or is mutilated or defaced in such a manner as to create doubt or arouse suspicion.

(h) If the security is registered in the name of a corporation, association, partnership, or other organization in its own right.

(i) If Treasury regulations require the submission of documentary evidence to support the redemption, except as provided in § 321.7 (d) or (f) of this part, as in the case of incompetents, minors under legal guardianship, or the change of a registrant's name other than by marriage.

(j) If the presenter is a minor who, in the opinion of the agent, is not of sufficient competency and understanding to sign the request for payment and comprehend the nature of the act.

(k) If it is known to the agent that the presenter has been legally declared incompetent to manage his or her affairs.

(l) If partial redemption is requested.

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35396, Aug. 29, 1990; 63 FR 38042, July 14, 1998]

### § 321.10 Responsibilities of paying agents.

(a) *Payment of securities.* A paying agent is required to redeem eligible securities during its regular business hours for any presenter, whether or not a customer, who can establish his or her identity as the owner or co-owner named on the securities, in accordance with the provisions of this part, and the appendix to this part, and the Treasury Identification Guide for Cashing United States Savings Bonds. An agent is encouraged, but is not required, to redeem eligible securities during its regular business hours for a surviving beneficiary, a legal representative designated in the registration of securities presented, or a legal representative of the last deceased registrant's estate who can provide acceptable evidence (see § 321.7 (d) or (f)) and establish identity in accordance with this part.

(b) *Restrictions.* A paying agent shall not advance money, make loans on, or discount the redemption value of securities, nor in any manner assist others to do so. An agent shall not pay a presenter the current value of a security and then defer presentation to the Treasury for the purpose of obtaining for its own profit an increased value.

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35396, Aug. 29, 1990]

## Subpart D—Payment and Transmittal of Securities

### § 321.11 Payment.

(a) *Examination.* Before making a payment of a security, a paying agent shall examine the security to determine that it is eligible for redemption and is one the agent is authorized to pay under the provisions of this part.

(b) *Identification and evidence of entitlement.* The agent shall determine that the presenter of the security is entitled to request payment, as provided in § 321.7 of this part. Unless the presenter is a person whose identity is well-known to the agent or is an established

## § 321.12

customer, he or she should be asked to furnish satisfactory identification in accordance with the Treasury instructions and guidelines. At the time of payment, the agent should make a notation on the back of the security, or in its own records, specifying precisely what was relied on to establish the presenter's identity.

(c) *Evidence—Payment to a beneficiary.* The agent shall determine that the presenter of the security as beneficiary is entitled to request payment, as provided in § 321.7(d). In addition to establishing the presenter's identification, as required by paragraph (b) of this section, the agent shall require presentation of the owner's death certificate in accordance with this part and the appendix.

(d) *Evidence—Payment to a legal representative of the last deceased registrant's estate.* The agent shall determine whether the legal representative is entitled to request payment, as provided in § 321.7(f). In addition to establishing the presenter's identification, as required by paragraph (b) of this section, the agent shall require evidence of appointment as well as evidence of the dates of death of all persons named in the registrations of the securities presented. Evidence of the representative's appointment must be either a court certificate or a copy of the letters of appointment, certified to be true and correct under seal of the court or clerk of court. If the original appointment was made more than one year prior to the presentation of the securities it must also bear the court clerk's statement that the appointment is in full force and effect. This statement must be under seal of the court or clerk of court and dated within six months of the presentation. Such evidence of appointment must pertain to the estate of the last deceased registrant designated on the securities. A copy of a death certificate, certified under seal of the State or local registrar, is the only acceptable evidence of the date of death.

(e) *Execution of request.* (1) The agent shall require:

(i) That the request for payment on the back of each security be signed by the presenter in the presence of one of

## 31 CFR Ch. II (7–1–02 Edition)

its officers or authorized employees; and

(ii) That the presenter's address be furnished. Fiduciaries must sign as provided in § 321.7 (e) and (f).

(2) If the agent is qualified under 31 CFR part 330 (Circular No. 888, current revision) and elects to use the special endorsement procedure, the request for payment need not be signed. If the request has already been signed when the security is presented, it should be signed again.

(f) *Certification of request.* An agent is not required to complete the certification to the requests for payment on securities it redeems. When an agent transmits redeemed securities for settlement, as indicated in § 321.14 of this part, such agent shall be understood by such submission to have represented and certified that the identity of the presenter, and his or her entitlement to request payment, have been established in accordance with this part and the appendix hereto.

[53 FR 37511, Sept. 26, 1988, as amended at 55 FR 35396, Aug. 29, 1990; 59 FR 10537, Mar. 4, 1994]

## § 321.12 Redemption value of securities.

The redemption value of each savings security is determined by the terms of its offering and the length of time it has been outstanding. The Bureau of the Public Debt determines redemption values for Series A–E bonds, eligible Series EE and I bonds, and savings notes, that should be used in redeeming savings securities.

[63 FR 38042, July 14, 1998]

## § 321.13 Cancellation of redeemed securities.

An agent shall cancel each redeemed security by imprinting the word "PAID" on its face and entering the amount and date of the actual payment and the agent's name, location, and four-digit code number assigned by the appropriate Federal Reserve Bank. The recordation of this data shall constitute a certification by the agent that the security was redeemed in accordance with the provisions of this part, that the presenter's identity and entitlement to request payment were duly established, and that the proceeds

## Fiscal Service, Treasury

## § 321.19

were paid to the presenter or remitted to an appropriate Federal Reserve Bank in payment for Series HH bonds.

[53 FR 37511, Sept. 26, 1988, as amended at 59 FR 10537, Mar. 4, 1994]

### § 321.14 Transmittal to and settlement by Federal Reserve Bank.

In accordance with Federal Reserve Bank instructions, a paying agent shall transmit with an EZ CLEAR cash letter securities redeemed for cash and on redemption-exchange, either directly or through a correspondent institution, to the Check Department of the appropriate Bank or Branch, or to a Regional Check Processing Center (RCPC). Upon receipt of the securities, the Bank, Branch, or RCPC will arrange for immediate settlement with the presenting institution. Such settlement shall be made by a credit to the presenting institution's Reserve or other clearing account in the total amount paid, as reflected on the cash letter, and shall be subject to adjustment via a charge or credit to that account if any discrepancy is subsequently discovered.

[59 FR 10537, Mar. 4, 1994]

## Subpart E—Losses Resulting From Erroneous Payments

### § 321.15 Liability for losses.

Under the governing statute, as amended (31 U.S.C. 3126(a)), an agent cannot be relieved of liability for a loss resulting from an erroneous payment unless the Secretary of the Treasury can make a determination that the loss resulted from no fault or negligence on the agent's part.

### § 321.16 Report of erroneous payment.

If an agent discovers an erroneous payment of securities, it should immediately advise the Bureau of the Public Debt, Parkersburg, WV 26106-1328, (304) 420-6402. If the circumstances of the payment warrant such action, the agent should also notify the nearest office of the United States Secret Service.

### § 321.17 Investigation of potential loss.

(a) *Notice to an agent.* When it determines that a loss has occurred, because

of the erroneous payment of securities, the Bureau of the Public Debt will notify the agent in writing and identify the securities.

(b) *Investigative procedure.* The Bureau of the Public Debt may request the United States Secret Service to investigate potential losses. Upon request, the agent shall make available to the Bureau of the Public Debt, or its investigative agent, all records and information pertaining to the transaction in question, including the disposition of the redemption proceeds. If the proceeds were deposited in an account maintained by the agent, the information made available shall include the ultimate disposition of the redemption proceeds from the account.

### § 321.18 Determination of loss.

Upon completion of the investigation, and after consideration of the results, the Bureau of the Public Debt shall advise the agent through which the payment occurred:

(a) That no final loss to the United States has occurred, and, accordingly, that the agent is relieved from liability for the payment, or that no claim for reimbursement shall be made unless and until a loss has been sustained; or

(b) That while a final loss to the United States has occurred, the agent is not required to make reimbursement therefor, as the Secretary of the Treasury, or his designee, has determined that such loss resulted from no fault or negligence on the part of such agent; or

(c) That a final loss to the United States has occurred, and that, the Secretary of the Treasury, or his designee, has been unable to make an affirmative finding that such loss resulted from no fault or negligence on the part of such agent, reimbursement must be made promptly, except where credit for the payment had not previously been extended.

### § 321.19 Certification of signatures.

The regulations in this subpart shall, to the extent appropriate, apply to losses resulting from payments made in reliance on certifications of signatures by an officer or designated employee of any financial institution authorized to certify requests for payment.

## § 321.20

### § 321.20 Applicability of provisions.

The provisions of this subpart shall apply to securities redeemed by any Federal Reserve Bank referred to in § 321.25, as fiscal agent, or any Treasury office authorized to redeem securities, as well as to paying agents.

[53 FR 37511, Sept. 26, 1988, as amended at 59 FR 10537, Mar. 4, 1994]

### § 321.21 Replacement and recovery of losses.

(a) If a final loss results from the redemption of a security, and the paying agent redeeming the security is not relieved of liability for such loss under 31 U.S.C. 3126(a), the Bureau of the Public Debt will demand that the paying agent promptly reimburse the United States in the amount of the final loss and will take such other action as may be necessary to collect such amount as set out in the procedure described in Paragraph 21 of the appendix to this part.

(b) If a final loss has resulted from the redemption of a security, and no reimbursement has been or will be made, the loss shall be subject to replacement out of the fund established by the Government Losses in Shipment Act, as amended.

[61 FR 37197, July 16, 1996]

## Subpart F—Forwarding Items

### § 321.22 Forwarding securities not payable by an agent.

Any securities an agent is not authorized to pay under the provisions of this part should be forwarded for redemption to the Fiscal Agency Department of a Federal Reserve Bank referred to in § 321.25. The requests for payment on the securities should be properly certified. Any documentary evidence required to support the redemption should accompany the securities. If the securities are presented for redemption-exchange, they must also be accompanied by a completed and signed exchange subscription and any additional cash needed to complete the transaction. Unpaid securities so forwarded must not be commingled

## 31 CFR Ch. II (7–1–02 Edition)

with redeemed securities transmitted for settlement.

[53 FR 37511, Sept. 26, 1988, as amended at 59 FR 10537, Mar. 4, 1994]

## Subpart G—Miscellaneous Provisions

### § 321.23 Paying agent fees and charges.

(a) *Fees.* Fees shall be paid as outlined in this section. A schedule setting out the fees, and the basis on which they are computed and paid, is separately published in the FEDERAL REGISTER. Current information is available from a Federal Reserve Bank referred to in § 321.25.

(1) *Securities transmitted via EZ CLEAR.* A fee will be paid for each security redeemed during a calendar month and transmitted via EZ CLEAR to a Federal Reserve Bank in separately sorted cash letters. Payment will be made to the presenting institution by ACH. No fees will be paid for redeemed securities received by a Bank in mixed cash letters.

(2) To comply with the provisions of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (2 U.S.C. 901, *et seq.*), or the legislative resolution resulting therefrom, the Secretary may authorize, upon notice in the FEDERAL REGISTER, the discontinuance, reduction or delay of fee payments. Fee payments so affected may subsequently be paid in accordance with the schedule of fees as hereafter published, subject to the availability of funds therefor, and to the extent permitted by law. Fee payments for servicing occurring after notice of the resumption of such payments has been published in the FEDERAL REGISTER will be made in accordance with the schedule of fees published in such notice.

(b) *Charges to presenters.* A paying agent shall not make any charge whatever to persons entitled to request payment of securities, for redeeming them under the provisions of this part.

[53 FR 37511, Sept. 26, 1988; 53 FR 39581, Oct. 7, 1988, as amended at 55 FR 39960, Oct. 1, 1990; 59 FR 10537, Mar. 4, 1994]



**Fiscal Service, Treasury**

**Pt. 321, App.**

**§ 321.24 Claims on account of lost securities.**

If a security redeemed by an agent is lost, stolen or destroyed while in its custody or in transit prior to settlement, the agent's claim for reimbursement of the missing security's redemption value on the original payment date will be considered, provided the security can be identified by serial number.

**§ 321.25 Role of Federal Reserve Banks.**

(a) The Federal Reserve Banks referred to below, as fiscal agents of the

United States, shall perform such services in connection with this part as may be requested by the Secretary of the Treasury, or his designee. The Banks are authorized and directed to perform such duties, including the issuance of instructions and forms, as may be necessary to fulfill the purposes and requirements of these regulations.

(b) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 90 Hennepin Avenue, Minneapolis MN 55401.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MI, MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

[59 FR 10537, Mar. 4, 1994, as amended at 63 FR 38042, July 14, 1998]

**§ 321.26 Preservation of rights.**

Nothing contained in this part shall limit or restrict any existing rights which holders of securities may have acquired under the offering circulars and the applicable regulations.

**§ 321.27 Supplements, amendments, or revisions.**

The Secretary of the Treasury may, at any time or from time to time, revise, supplement, amend or withdraw, in whole or in part, the provisions of this part.

APPENDIX TO PART 321—APPENDIX TO DEPARTMENT OF THE TREASURY CIRCULAR NO. 750, FOURTH REVISION

FISCAL SERVICE, BUREAU OF THE PUBLIC DEBT

*Subpart A—General Information*

1. *Purpose.* This appendix is issued for the guidance of banks and other financial institutions qualified as paying agents of United States Savings Bonds and United States Savings Notes (Freedom Shares) under the provisions of 31 CFR part 321 [Department of the Treasury Circular No. 750, Fourth Revision]. Its purpose is to provide information to supplement the regulations contained in the part and specific instructions for processing redemption and redemption-exchange transactions. The information and instructions are indexed to the sections and subsections of part 321 which they explain or expand.

2. *Other pertinent publications.* In addition to part 321, agents should be familiar with the provisions of the following publications:

(a) *Offering circulars.* Department of the Treasury Circulars, Public Debt Series Nos. 1-80 (31 CFR part 351, Series EE bonds), 2-80 (31 CFR part 352, Series HH bonds), 1-98 (31

CFR part 359, Series I bonds), and 3–67 (31 CFR part 342, savings notes), and Department of the Treasury Circulars Nos. 653 (31 CFR part 316, Series E bonds) and 905 (31 CFR part 339, Series H bonds).

(b) *Regulations.* Department of the Treasury Circular, Public Debt Series No. 3–80 (Series EE and HH bonds); Department of the Treasury Circular, Public Debt Series 2–98 (Series I bonds); Department of the Treasury Circulars Nos. 530 (all other series of savings securities) and 888 (special endorsements); Federal Tax Regulations (26 CFR 1.6049); Federal Claims Collection Standards (4 CFR parts 101–105); Regulation J, Collection of Checks and Other Items and Wire Transfers of Funds (12 CFR part 210); and operating circulars issued by Federal Reserve Banks relating to the collection of cash items and Federal payments by ACH.

*Subpart B—Procedures for Qualification*

3. *Qualification of branches.* [Sec. 321.3(b)] Qualification of an institution as a paying agent automatically qualifies only its domestic branches. A foreign branch of a qualified paying agent may redeem securities provided settlement is made through a qualified facility located in the United States.

4. *Paying agent code numbers.* [§§ 321.3(b) and 321.13] The appropriate Federal Reserve Bank will assign a four-digit code number to each agent it qualifies. A separate number will be assigned to each branch authorized to redeem and submit redeemed securities for its own account to a Federal Reserve Bank or Branch or to a Regional Check Processing Center. At the paying agent's request, only one four-digit code will be assigned for use by all of its branches. The presenting institution's ABA number will be used in the adjustment of discrepancies and in the computation and payment of fees for securities transmitted in separately sorted cash letters.

5. *Requalification.* [Sec. 321.3(b)] If there has been a change in the corporate name of an agent, whether through merger, consolidation, sale of assets, or in any other manner, the agent may be asked by the appropriate Federal Reserve Bank referred to in § 321.25 to requalify to reflect the change. Ordinarily, requalification is not required unless (a) the change results in a corporation that, under State law, cannot retain the rights of the corporation that ceased to exist, or (b) in the case of a purchase of assets and assumption of liability, the purchaser corporation is not a qualified paying agent.

6. *Announcement of authority.* [Sec. 321.3(c)] On and after the effective date of its qualification, a paying agent may appropriately announce or advertise its authority to redeem eligible securities for cash and in exchange for Series HH bonds. Such statements and notices should not, directly or indirectly, encourage the encashment of the se-

curities. Two examples of acceptable statements for use in advertisements or displays are:

(a) “We are an authorized agent for payment of U.S. Savings Bonds and U.S. Savings Notes (Freedom Shares).”

(b) “This (bank/savings and loan association/credit union, etc.) is authorized to pay U.S. Savings Bonds and U.S. Savings Notes (Freedom Shares) and process eligible Series E and EE bonds and savings notes in exchange for Series HH bonds.”

*Subpart C—Scope of Authority*

7. *Authorized cash payments.* [Sec. 321.7]

(a) *General.* [§ 321.7(a)] The general authority of paying agents to redeem savings securities for cash extends to Series A, B, C, D, E, EE, and I bonds and savings notes presented by the owner, coowner, surviving beneficiary, parent on behalf of a minor, legal representative designated in the registrations of savings securities presented, or legal representative of the last deceased registrant's estate. The presenter must sign the requests for payment and establish his or her identity and, in the case of a beneficiary, parent or legal representative of the last deceased registrant's estate, entitlement to request payment.

(b) *Securities submitted by mail.* [Sec. 321.7(a)] An agent may accept eligible securities submitted, for redemption by mail, from known customers. The agent should be satisfied that the customer is entitled to request payment and that he or she has signed the requests for payment. The agent should obtain written instructions to credit the redemption proceeds to the customer's account or to make some other disposition. For its protection, the agent should retain such instructions for as long as ten years in the event the transaction is later questioned.

(c) *Interest reporting.* [Sec. 321.7(e)] Pursuant to 26 CFR 1.6049–4, an agent is required to report interest income in the amount of \$10 or more paid as part of the redemption value of securities. Reports to payees should be made on Form 1099–INT or an IRS-approved substitute; reports to the Internal Revenue Service should be made in accordance with that agency's instructions. A separate report may be made for each transaction in which interest in the amount of \$10 or more is paid, or all interest payments, made during a calendar year, may be aggregated and reported annually should the total amount be \$10 or more.

8. *Redemption-exchange of Series E and EE savings bonds and savings notes.* [Sec. 321.8]

(a) *General.* [Sec. 321.8 (a) and (b)] The general authority of paying agents to redeem securities in exchange for Series HH bonds extends only to eligible Series E and EE savings bonds and savings notes presented with a completed Form PD 3253, “Exchange Subscription for United States Savings Bonds of

Series HH." Securities eligible for exchange are: (1) Series EE bonds presented no earlier than six months from their issue dates; and (2) Series E bonds and savings notes presented no later than one year from the month in which they reached final maturity. The current redemption value of securities presented in one transaction must be at least \$500. The presenter must establish his or her identity and entitlement to request the exchange and sign the exchange subscription and the requests for payment on the securities.

(b) *Securities in the name of a minor.* [Sec. 321.8(b)] If an exchange subscription is submitted on behalf of a minor who is too young to comprehend the nature of the transaction, the form must be completed to request that the Series HH bonds be registered either in the minor's name alone or in exactly the same form as the securities presented for exchange. Agents are instructed to discourage exchange transactions involving minors who are too young to conduct them on their own.

(c) *Interest reporting.* [Sec. 321.8(c)] Pursuant to 26 CFR 1.6049-4, an agent is required to report interest income in the amount of \$10 or more included in any cash refunded in a redemption-exchange transaction. Reports to payees should be made on Form 1099-INT or an IRS-approved substitute; reports to the Internal Revenue Service should be made in accordance with that agency's instructions. A separate report may be made for each redemption-exchange transaction in which interest in the amount of \$10 or more is refunded, or all interest paid in both cash transactions and redemption-exchanges during a calendar year may be aggregated and reported annually should the total amount be \$10 or more.

9. *Specific limitations on payment authority.* [Sec. 321.9]

(a) *Allowable exceptions.* [Sec. 321.9] Securities which an agent may not redeem because of the limitations in §321.9 should be forwarded to the Fiscal Agency Department of a Federal Reserve Bank referred to in §321.25 for handling. However, if an agent is willing to assume full responsibility, it may make payment of an eligible security which bears a minor irregularity, such as a misspelled name, a transposition of letters, etc., because of its knowledge of the facts, or because it wishes to rely on the integrity of the presenter.

(b) *Taxpayer identifying number of presenter.* [Sec. 321.9(f)] An agent shall refuse payment of any security if the taxpayer identifying number of the presenter, or the estate represented by the presenter, is not known to the agent and the presenter is unwilling to furnish the number. A parent who requests payment on behalf of a minor in accordance with §321.7(c) of this part must provide the minor's social security number.

(c) *Payments to minors.* [Sec. 321.9(j)] A minor may not request payment of securities if he or she is not of sufficient competency and understanding to comprehend the nature of the act. Because of individual differences in comprehension, the Treasury has not established any rule as to the exact age at which a minor should be able to redeem securities. An agent may interview a minor to ascertain his or her ability to understand the transaction.

10. *Responsibilities of paying agents.* [Sec. 321.10]

(a) *Requirements for redeeming securities.* [§321.10(a)] A paying agent shall redeem eligible savings securities during its regular business hours for a presenter who establishes his or her identity as the owner or co-owner of the securities, in accordance with this part and this appendix. While a paying agent is not required to redeem eligible Series E and EE savings bonds and savings notes in exchange for Series HH bonds for any presenter, or Series E, EE, or I bonds or savings notes for cash upon the request of a surviving beneficiary or legal representative, it is encouraged to do so, provided the presenter can establish his/her identity and provide acceptable evidence to accordance with this part and this appendix (See §321.7 (d) and (f)). An agent is not required to redeem savings securities during Saturday and evening hours if it is open during such periods primarily as a service for its depositors.

(b) *Restrictions.* [Sec. 321.10(b)] Violation of the regulatory prohibitions on making charges for redeeming securities; on advancing money on, making loans on, or discounting the redemption value of securities; and on deferring presentation of redeemed securities to obtain a larger credit, will be cause for disqualification and recovery of the redemption proceeds and profits realized therefrom.

#### *Subpart D—Payment and Transmittal of Securities*

11. *Identification of presenter.* [Sec. 321.11(b)]

(a) *Identification guide.* [Sec. 321.11(b)] The Treasury Department has issued an identification guide, Form PD 3900, to assist paying agents in redeeming securities. Careful compliance with the instructions contained therein will enable agents to accommodate reasonable redemption requests and protect themselves from losses. Reliance on newly opened customer accounts as identification, or paying more than \$1,000 in a single transaction based on documentary evidence alone, should be particularly avoided.

(b) Record of identification practice and evidence presented. [Sec. 321.11 (b) through (d)] At the time of payment, the agent should make a notation on the back of the security or in its own records specifying precisely what was relied on to establish the presenter's identity. The identification

should be adequate to identify the payee under the circumstances of the transaction. If an agent redeems a security upon the request of a surviving beneficiary or a legal representative of the last deceased registrant's estate, it should also make a notation of the evidence presented to establish the payee's entitlement; this might include the document or case number on the death certificate(s) and/or evidence of the legal representative's appointment, the date(s) of death, and the names and locations of the issuing authorities. The notations should be sufficient to permit a determination of the evidence of identity and entitlement at a later date. Otherwise, the agent runs the risk that no evidence can be developed to show that it acted without fault or negligence, in which case it could not be relieved of liability should a loss occur.

12. *Request for payment.* [Sec. 321.11(d)]

(a) *Signature.* [Sec. 321.11(e)] Except where an agent qualified under 31 CFR part 330 (Circular No. 888) elects to use the special endorsement procedure, each security redeemed by the agent must bear the signature of the presenter. The name must be signed exactly as it is inscribed on the security, unless the provisions of 31 CFR part 330 and this appendix provide for an exception, such as in cases involving a change of name by marriage, a request by a parent on behalf of a minor, or a legal representative of the last deceased registrant's estate. An agent may be held liable if the request for payment is not properly signed. Legal representatives must sign as provided in §321.7 (e) and (f).

(b) *Address.* [Sec. 321.11(d)] The presenter must enter a current home or business address in the space provided on the back of the security. If a single transaction includes a group of securities, the address must be shown on at least one security of each of the following types: (1) Paper securities issued prior to October 1957; (2) punch card or machine readable paper securities issued prior to January 1989; and (3) machine readable paper securities issued subsequent to December 1988.

13. *Redemption value of securities.* [Sec. 321.12]

(a) *Redemption value tables.* [§321.12] The Bureau of the Public Debt distributes redemption values in various formats and as part of programs for personal computers, for: (1) Series E bonds, (2) Series EE bonds, (3) Series I bonds, and (4) savings notes. Additional tables or information may be requested from the appropriate Federal Reserve Bank referred to in §321.25.

(b) *Use of tables.* [§321.12] Care should be exercised to correctly determine the current redemption value of the security presented for the month in which it is redeemed. Incorrect payments can lead to costly and time-consuming adjustments for the agent, Department of the Treasury, and the appro-

priate Federal Reserve Bank referred to in §321.25.

(c) *Cash redemption.* [Sec. 321.12] The correct redemption value of securities redeemed by an agent should be paid to the presenter in currency or, upon request, by check payable to the presenter or by credit to his or her account.

(d) *Redemption-exchange.* [§321.12] The redemption values of eligible Series E and EE savings bonds and savings notes presented for exchange (Series I savings bonds are not eligible for exchange) for Series HH bonds shall be those payable in the month the agent accepts a correctly completed and signed exchange subscription, Public Debt Form 3253. The total redemption value of securities presented for exchange in any one transaction must be at least \$500. If the redemption value is \$500 or an even multiple thereof, Series HH bonds must be requested in that exact amount. If the redemption value exceeds \$500, but is not an even multiple of that amount, the presenter may add cash to increase the amount of the subscription to the next higher \$500 multiple, or reduce the amount of the subscription to the next lower \$500 multiple. The maximum amount which may be added to or refunded in an exchange transaction is \$499.99. For example, if the total redemption value of the securities is \$4,253.33, the presenter may request no less than \$4,000 and no more than \$4,500 in Series HH bonds. In the first instance, the agent will pay the presenter \$253.33; in the second, it will collect \$246.67 when it accepts the exchange subscription.

14. *Cancellation of redeemed securities.* [Sec. 321.13]

(a) *Paying agent stamp.* [Sec. 321.13] Each redeemed security must be cancelled by the imprint of a payment stamp. The stamp may not exceed 1½ inches in any dimension and must include the following information in the arrangement shown:

Paid \$ \_\_\_\_\_ (for recording amount paid).  
Name, location, and four-digit paying agent code number assigned by the appropriate Federal Reserve Bank referred to in §321.25 (subject to abbreviation and arrangement by the Bank).

Date \_\_\_\_\_ (for recording actual date of payment).

By \_\_\_\_\_ (for use by agent in recording initials, or signature, codes, symbols, etc., of the officer or employee who approved or made the payment).

(b) *Procurement of stamps.* [Sec. 321.12] A paying agent may requisition stamps from the Fiscal Agency Department of the appropriate Federal Reserve Bank referred to in §321.25 or purchase its own stamps. Stamps not provided by the appropriate Federal Reserve Bank referred to in §321.25 must conform exactly in size and design to that prescribed or approved by the Bank. To insure

legible impressions, stamps should be replaced when worn.

(c) *Imprinting payment stamp and recording payment date.* [Sec. 321.13] After determining that a security is eligible for payment, the agent should carefully imprint the payment stamp on its face in the open space immediately to the left of, and as close as possible to, the issue date and issuing agent validating data. It is important not to overprint any data on the security, particularly the serial number, since the security will subsequently be microfilmed. No other stamps shall be placed on the face of the security. Care should be taken to record legibly the correct amount, the exact date of redemption, and the signature, initials, or other identification of the agent's employee who approved or made the payment. A dark-colored ink must be used, and care should be taken not to smear the stamp impression or the writing.

(d) *Redemption-exchange.* [§321.13] Eligible Series E and EE savings bonds and savings notes presented for redemption-exchange shall be stamped "PAID" in the same manner as securities redeemed for cash, but only when all elements of the transaction have been completed, including receipt of any additional cash. The exact date of redemption shall also be recorded on the exchange subscription to enable the appropriate Federal Reserve Bank referred to in §321.25 to establish the proper issue date for the Series HH bonds. An officer or other authorized employee of the agent shall also sign the exchange subscription, in his or her official capacity, and furnish other requested information that identifies the paying agent.

(e) *MICR-encoding of payment information.* [§321.13] An agent shall MICR-encode the redemption value in the "Amount" field on the face of each security or arrange to have this service performed by another financial institution. If the agent transmits securities in mixed cash letters, it must also MICR-encode the routing/transit number assigned to the Bureau of the Public Debt's savings bond activity in the "R/T" field on the face of all pre-October 1957 paper securities and those punch card securities on which it does not already appear. The Bureau's routing/transit number is 000090007. Care should be taken in repairing MICR-encoded items so as not to obliterate any data in surrounding MICR fields or elsewhere on the face of the security.

15. *Transmittal of securities to Federal Reserve Bank.* [§321.14] An agent shall transmit and receive settlement for redeemed securities via EZ CLEAR, *i.e.*, the Check Department of a Federal Reserve Bank or Branch or the Regional Check Processing Center. Redeemed securities may be transmitted in separately sorted or mixed cash letters to the Check Department of a Federal Reserve Bank or Branch, or to a Regional Check

Processing Center, either directly, or via a parent office or correspondent institution. An agent shall transmit redeemed securities under cover of the appropriate transmittal document. Eligible Series E and EE savings bonds and savings notes redeemed in exchange for Series HH bonds must be transmitted for settlement via EZ CLEAR at the same time as the exchange application (Public Debt Form 3253) and any additional cash needed to complete the transaction are forwarded to the Fiscal Agency Department of the servicing Federal Reserve Bank referred to in §321.25. Eligible Series E and EE savings bonds and savings notes redeemed on exchange may be commingled with cash redemptions in mixed or separately sorted cash letters.

16. *Transmittal of securities to Federal Reserve Bank via fiscal agency system.* [§321.14] The Fiscal Agency Department of a Federal Reserve Bank or Branch will not accept for settlement securities an agent has redeemed.

17. *Transmittal of securities to Federal Reserve Bank via EZ CLEAR.* [Sec. 321.14]

(a) *Form to be used.* [Sec. 321.14] The presenting institution shall transmit all redeemed securities to the Check Department of a Federal Reserve Bank or Branch or Regional Check Processing Center in accordance with the Bank's instructions. Except as otherwise provided in the Bank's instructions and operating circulars, cash letters may be comprised of one or more bundles of separately sorted redeemed securities (separately sorted cash letter) or one or more bundles of mixed items (mixed cash letter). The cash letter shall show the name, address, and ABA number of the presenting institution, the date of presentation, the total number of pieces transmitted, the value of each of the bundles in the cash letter, and the total value of the cash letter.

(b) *Composition of cash letters.* [§321.14] Series A, B, C, D, E, EE, and I bonds and savings notes redeemed for cash or eligible Series E and EE bonds and savings notes redeemed on exchange may be commingled in mixed cash letters containing commercial checks and other items or separately sorted cash letters containing only redeemed securities. Each cash letter shall also contain a listing prepared in accordance with the Federal Reserve Bank's instructions.

(c) *Transmittal of securities.* [Sec. 321.14] Cash letters containing redeemed securities shall be transmitted to a Federal Reserve Bank in accordance with the Bank's circulars and instructions.

(d) *Timing of transmittals.* [Sec. 321.14] Cash letters containing redeemed securities should be transmitted according to the same schedule used for other commercial check collection system items.

(e) *Settlement for the audit of paid securities.*

(1) *Settlement.* [Sec. 321.14] The Federal Reserve Bank will make immediate settlement

for the total value of redeemed securities as shown on each cash letter. Settlement will be made by a credit to the reserve or clearing account of the agent or designated correspondent institution. Data concerning redeemed security transmittals will be sent to the Bureau of the Public Debt for audit. The amount will be subject to adjustment if discrepancies are discovered after settlement has been made.

(2) *Audit and adjustment* [§321.14] The Bureau of the Public Debt will audit all redemption data received from the Central Site as promptly as possible. Each presenting institution will, in due course, be notified by the Bank of any adjustments required. The Bank will adjust via a charge or credit to the presenting institution's Reserve or clearing account any amounts previously credited to that account.

(3) *Requests for Adjustments.* Depositors who discover errors in their EZ CLEAR cash letters subsequent to deposit should allow sixty (60) calendar days from the date of their EZ CLEAR cash letter before requesting adjustments for the cash letter. This will allow sufficient time for the Treasury to classify the savings bonds, forward adjustments to the Central Site and for the Central Site to research and function adjustments to the depositor.

(4) *Separately Sorting Depositors* should submit adjustment requests directly to the Central Site Adjustments Department in correspondence. However, all requests for adjustments due to incorrect cash letter crediting should be directed to the servicing Federal Reserve Bank.

(5) *Mixed Depositors* should submit adjustment requests to their servicing Federal Reserve Bank.

18. *Record of securities paid.* [§§321.14 and 321.24] A record of the serial number and the amount paid for each redeemed security must be retained by the agent for one year so that settlement can be made if the security is lost in transit, and so that the agent can process any subsequent adjustment as described in paragraph 17(e)(2) above. For that purpose, agents are authorized to microfilm the face and back of each security they redeem. Such film records shall be kept confidential and prints therefrom may be made only with the permission of the Bureau of the Public Debt or an appropriate Federal Reserve Bank.

*Subpart E—Losses Resulting from Erroneous Payments*

19. *Report of erroneous payment.* [Sec. 321.16] Any erroneous payment that comes to the attention of an agent should be reported immediately to the Bureau of the Public Debt, Parkersburg, WV 26106-1328. The nearest office of the Secret Service should also be notified if the agent believes that a security presented for redemption may be counterfeit or

stolen, or if the circumstances of the presentation are suspicious in any other respect.

20. *Notice to agent.* [Sec 321.17(a)] The paying agent will be notified if an erroneous payment has occurred. The notice will generally be in writing from the Bureau of the Public Debt. If an investigation is to be made, the notice will enable the agent to notify its bonding company, assemble pertinent information concerning the transaction for presentation during the investigation, and take any other action it deems appropriate to protect its interest.

21. *Determination of liability.* [Sec. 321.18 and Sec. 321.21]

(a) Upon completing the investigation, the Bureau of the Public Debt will examine the available information and determine whether a paying agent may be relieved of liability for any loss that may have resulted. If the paying agent cannot be relieved of liability, demand will be made upon the paying agent to reimburse the Treasury promptly. Any amount not paid within 30 days following the mailing of the first demand letter is subject to the following charges.

(1) Interest shall accrue from the date the first demand letter is mailed to the date reimbursement is made. The rate of interest to be used will be the current value of funds rate published annually or quarterly in the FEDERAL REGISTER and in effect during the entire period in which the remittance is late.

(2) Administrative costs shall be assessed as set out in the first demand letter, if reimbursement is not made within 30 days of the date the first demand letter is mailed.

(3) Penalty charges shall be assessed, in accordance with 31 U.S.C. 3717(e), if reimbursement is not made within 120 days of the date the first demand letter is mailed. The penalty charge will accrue and be calculated from 30 days after the date the first demand letter is mailed to the date of reimbursement.

(b) When a paying agent fails, within 120 days of the date the first demand letter is mailed, to make such reimbursement or to submit new evidence sufficient for Public Debt to change the determination of liability, by virtue of the paying agent's acceptance of settlement via credits to a Reserve, correspondent, or clearing account with a Federal Reserve Bank or Branch, the agent is deemed to have authorized the Federal Reserve Bank to debit the amount due from that account designated or utilized by the agent at the Federal Reserve Bank or Branch. An institution, designated by a paying agent to receive settlement on its behalf, in authorizing such paying agent to utilize its Reserve, correspondent, or clearing account on the books at the Federal Reserve Bank shall similarly be deemed to authorize such debits from that account.

(c) Reconsideration of a determination of liability will be made in any case when a

paying agent so requests and presents additional evidence and information regarding the transaction.

22. *Relief for lack of timely notice.* [Sec 321.18] A paying agent will be relieved of liability to the United States for any loss resulting from the erroneous payment of securities where the Secretary of the Treasury, or his designee, determines that written notice of either liability or potential liability has not been given to the agent within ten years of the date of the erroneous payment.

*Subpart F—Forwarding Items*

23. *Securities forwarded to Federal Reserve Bank for payment.* [Sec 321.22]

(a) *General.* [Sec 321.22] Securities presented for cash payment or redemption-exchange, that an agent is not authorized to redeem, shall be forwarded to the Fiscal Agency Department of the appropriate Federal Reserve Bank referred to in §321.25, with all required supporting documentation and any necessary payment instructions.

(b) *Signature to and certification of request for payment.* [Sec 321.22] An agent qualified under part 330 (Circular No. 888) may elect to specially endorse securities for presenters in lieu of requiring completion of the requests for payment. Unless this procedure is used, the presenter must sign the request on each security and the signature must be certified. Before completing the certification, the agent should establish the identity of the presenter. The Treasury's identification guidelines should be followed in view of the potential liability that attaches to such certification.

(c) *Address and Taxpayer identifying number.* [Sec 321.22] In every case, a current address shall be furnished. The presenter's taxpayer identifying number (social security number or employer identification number) shall be provided if it is not included in the inscription.

(d) *Redemption-exchange.* [Sec 321.22] For redemption-exchange transactions submitted as forwarding items, the issue date of the Series HH bonds will be the first day of the month in which a correctly completed and signed exchange subscription and full payment are received by the appropriate Federal Reserve Bank referred to in §321.25.

(e) *Partial redemption.* [§§ 321.9(1) and 321.22] Partial redemption of a security other than a \$25 Series E bond or savings note, a \$50 Series EE or I bond, or a \$500 Series H or HH bond may be made by the appropriate Federal Reserve Bank referred to in §321.25. The amount paid must be equal to the redemption value of one or more authorized denominations on the date of the transaction. If a security is received by an agent for partial redemption, the words "to the extent of \$ (face amount) and reissue of the remainder" should be added to the first sentence of the request for payment. The request should

then be completed in the regular manner and the signature of the presenter certified or guaranteed. The security shall be forwarded to the Fiscal Agency Department of a Federal Reserve Bank.

*Subpart G—Miscellaneous Provisions*

24. *Fees and charges.* [Sec 321.23] Service fees are not intended to compensate paying agents for the reporting of interest paid as part of the redemption value of securities as required by Federal Tax Regulations (26 CFR 1.0649-4).

Fees will be paid to the presenting institution for securities redeemed during each calendar month that are submitted in separately sorted cash letters; such fee payments will be made only by ACH. No fees will be paid for securities received by the Federal Reserve Bank in mixed cash letters. The Bank will charge the presenting institution for processing redeemed securities received in mixed cash letters. Inquiries regarding separately sorted cash letters should be directed to the Pittsburgh Branch, Federal Reserve Bank of Cleveland, P.O. Box 867, Pittsburgh, PA 15230-0867. Inquiries regarding mixed cash letters should be directed to the Federal Reserve Bank or Branch or Regional Check Processing Center where the cash letters were directed.

25. *Claims on account of lost securities* [§321.24] If a security redeemed by an agent is lost, stolen, or destroyed while in the custody of the agent, or in transit prior to settlement or audit, relief will be considered, provided the security can be identified by serial number. [See paragraph 18 of this appendix regarding the maintenance of records of redeemed securities]. The presenting institution should resubmit a photocopy of the security to obtain settlement in accordance with established procedures. Questions concerning the established procedures should be referred to the servicing Federal Reserve Bank.

26. *Education savings bond program.* [Sec. 321.7(g)]

(a) Section 6009 of the Technical Corrections and Miscellaneous Revenue Act of 1988, Public Law 100-647 (see 26 U.S.C. 135), permits taxpayers to exclude all, or a portion, of the interest earned on Series EE savings bonds bearing issue dates on or after January 1, 1990, and on Series I savings bonds from their income under certain conditions. This legislation did not create new savings bond redemption and interest reporting requirements for savings bond paying agents. However, if a bond owner indicates that he or she intends to seek the special tax treatment offered under this program, the paying agent is encouraged to provide assistance by:

(1) Suggesting that he or she read IRS Form 8815 (particularly, the instructions on the form) as well as relevant portions of IRS Publication 17, "Your Federal Income Tax",

and Publication 550, "Investment Income and Expenses," for detailed information; and

(2) Suggesting that the presenter make a record of eligible bonds redeemed either by using IRS Optional Form 8818, or otherwise.

(b) Bond owners seeking to benefit from the special tax exclusion, available through the savings bond education feature, should be aware of the following basic rules:

(1) Only interest earned on Series EE bonds bearing issue dates on or after January 1, 1990, is eligible for the exclusion of interest income, where the proceeds from the redemption of the bonds are used to pay qualified post-secondary education expenses. Interest received on bonds bearing issue dates prior to January 1, 1990, is not eligible.

(2)(i) The bonds must be registered in the name of a taxpayer as sole owner, or in the name of the taxpayer as co-owner, with the taxpayer's spouse as the other co-owner. Bonds registered in the name of the taxpayer's child, as owner or co-owner, will not qualify for the exclusion. A taxpayer may purchase bonds registered in beneficiary form, i.e., "A payable on death to B", naming any individual, including a child, as beneficiary.

(ii) The bonds must be registered in the name of a taxpayer who has attained the age of 24 years at the time of issue. Generally, a taxpayer must be 24 years of age on or before the first day of the month in which the taxpayer purchases the bond, because savings bonds bear the issue date of the first day of the month in which purchased.

(3) The bond must be redeemed by the owner or co-owner. It may not be transferred to the educational institution.

(4) If the entire amount of the proceeds of the eligible bonds is less than, or equal to, the qualified post-secondary educational expenses incurred by the owner, his or her spouse, or his or her dependent, all interest received is excludable, subject to the limitations in paragraph (b)(7) of this section. If the amount of the proceeds exceeds such qualified expenses, the excludable portion of the interest will be reduced by a pro rata amount.

(5) Qualified educational expenses are limited to tuition and fees required for the enrollment of, or attendance by, the taxpayer, or the taxpayer's spouse or dependent, at an eligible educational institution. These expenses are calculated net of scholarships, fellowships, employer-provided educational assistance, and other tuition reduction amounts, and must be incurred during the tax year of the redemption of the bonds for which the interest exclusion is claimed.

(6) Eligible educational institutions include those defined in sections 1201(a) and 481(a)(1) (C) and (D) of the Higher Education Act of 1965, as in effect on October 21, 1988, excluding proprietary institutions. Such eligible institutions include post-secondary in-

stitutions, and vocational schools that meet the standards for participation in Federal financial aid programs, excluding proprietary institutions. Additional guidance concerning eligible institutions should be obtained from the Department of Education.

(7)(i) Interest exclusion benefits are based on the modified adjusted gross income of the taxpayer. For taxpayers filing a joint Federal income tax return, the exclusion is gradually decreased for modified adjusted gross income between \$60,000 and \$90,000. Married taxpayers filing jointly who have modified adjusted gross incomes above \$90,000 are ineligible for the exclusion. For single taxpayers and heads of households, the exclusion is gradually decreased for such incomes between \$40,000 and \$55,000. Single taxpayers with such incomes above \$55,000 are ineligible for the exclusion. After 1990, these income limits will be adjusted for inflation.

(ii) Married taxpayers must file a joint return in order to qualify for the exclusion. Married taxpayers filing separate returns will not qualify for the exclusion, regardless of their modified adjusted gross incomes.

(8) The taxpayer is responsible for maintaining adequate records of bond redemption transactions to support claims for the exclusion, in accordance with applicable rules and regulations of the Internal Revenue Service.

(9) The Internal Revenue Service should be consulted for advice concerning the eligibility and tax treatment of bonds for the income exclusion under the educational savings bond program.

27. *Additional information.* [Sec 321.25] Requests for additional advice, clarification of the payment regulations or this Appendix, and other matters relating to the actions of a financial institution as paying agent should generally be made to the appropriate Federal Reserve Bank referred to in §321.25.

[53 FR 37511, Sept. 26, 1988; 53 FR 39581, Oct. 7, 1988, as amended at 55 FR 35397, Aug. 29, 1990; 59 FR 10538, Mar. 4, 1994; 61 FR 37197, July 16, 1996; 63 FR 38042, 38043, July 14, 1998]

## PART 323—DISCLOSURE OF RECORDS

Sec.

323.1 Purpose of regulations.

323.2 Rules governing availability of information.

323.3 Materials available for inspection and copying.

323.4 Requests for identifiable records.

323.5 Fees.

AUTHORITY: 80 Stat. 379; sec. 3, 60 Stat. 238, as amended; 5 U.S.C. 301, 552.

SOURCE: 32 FR 9967, July 7, 1967, unless otherwise noted.



**§ 323.1 Purpose of regulations.**

The regulations of this part are issued to implement 5 U.S.C. 552(a) (2) and (3). The requirements of 5 U.S.C. 552(a)(1) are met through the publication in the FEDERAL REGISTER of the statement of the organization, functions and procedures available of the Fiscal Service, including the Bureau of the Public Debt, and revisions thereof, and through the publication therein of substantive and procedural regulations of the Bureau. A synopsis of the statements of Bureau organization, functions and procedures available will be published annually by the Office of the Federal Register in the U.S. Government Organization Manual.

**§ 323.2 Rules governing availability of information.**

(a) *General.* The records of the Bureau of the Public Debt required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the regulations on the Disclosure of Records of the Office of the Secretary issued under 5 U.S.C. 552 and published as part I of title 31 of the Code of Federal Regulations, 32 FR 9562, July 1, 1967, except as specifically provided in this part.

(b) *Limitations on the availability of records relating to securities.* Records relating to the purchase, ownership of, and transactions in Treasury securities or other securities handled by the Bureau of the Public Debt for government agencies or wholly or partially Government-owned corporations will ordinarily be disclosed only to the owners of such securities, their executors, administrators or other legal representatives or to their survivors or to investigative and certain other agencies of the Federal and State governments, to trustees in bankruptcy, receivers of insolvents' estates or where proper order has been entered requesting disclosure of information to Federal and State courts. These records are held confidential because they relate to private financial affairs of the owners.

**§ 323.3 Materials available for inspection and copying.**

(a) *Availability.* The materials which are required under 5 U.S.C. 552(a)(2) to

be made available for inspection and copying are:

(1) Final opinions or orders made in the adjudication of cases. Any issued by the Bureau of the Public Debt would be in the form of letters or memorandums setting out determinations made in disposing of any matter before the Bureau.

(2) Statements of policy and interpretations which have been adopted by the Bureau but not published in the FEDERAL REGISTER.

(3) Administrative staff manuals and instructions to the staff that affect any member of the public. Some Federal Reserve Bank memorandums and Public Debt memorandums will be made available under this provision.

(b) *Location.* The materials listed in paragraph (a) of this section are available for inspection and copy during office hours in the Public Reading Room of the Treasury Department, 15th Street and Pennsylvania Avenue NW., Washington, DC 20220.

**§ 323.4 Requests for identifiable records.**

(a) *Procedure.* (1) A written request for an identifiable record relating to a U.S. savings bond or note shall be addressed to the Deputy Commissioner, Bureau of the Public Debt, Chicago, IL 60605.

(2) A request for an identifiable record relating to any Treasury Department security, other than a savings bond or note, or a security of a Government agency or a wholly or partially Government-owned corporation, the record of which is maintained by the Bureau of the Public Debt, shall be addressed to the Chief, Division of Loans and Currency, Bureau of the Public Debt, Washington, DC 20226.

(3) A request for an identifiable record relating to any security of a Government agency or wholly or partially Government-owned corporation, the record for which is maintained by the Federal Reserve Bank of New York, shall be addressed to the Federal Reserve Bank of New York, New York, NY 10045.

(4) A written request for any identifiable record that the Bureau of the Public Debt has other than those set out in paragraphs (a) (1), (2), and (3) of this

### § 323.5

section shall be addressed to the Commissioner of the Public Debt, Washington, DC 20220.

(5) A request may be presented in person at the office to which a written request would be addressed.

(b) *Determination of availability.* Determination as to whether or not a requested record shall be disclosed will be made by the Officer to whom the request should be directed under paragraph (a) of this section, and by the Bureau of Public Debt Information Officer for requests directed to the Office of the Commissioner, subject to an appeal to the Commissioner of the Public Debt. The decision of the Commissioner shall constitute final agency action unless he refers the appeal to the Fiscal Assistant Secretary, in which case the decision of the Fiscal Assistant Secretary shall constitute final agency action.

### § 323.5 Fees.

The fees provided in part 1 of title 31 of the CFR (32 FR 9562, July 1, 1967), shall apply to all requests for identifiable records under this part except as follows:

(a) No charge will be made for verifying the record of a savings bond or note identified by series and denomination and either the registration and issue date or the serial number at the request of the owner, coowner, or surviving beneficiary or person entitled to the security under the applicable regulations.

(b) No charge will be made for verifying the record of a registered Treasury security, other than a savings bond or note, or a registered security of a Government agency or a wholly or partially Government-owned corporation, identified as to loan and registration for an owner, joint owner or person entitled to the security under the applicable regulations.

(c) No charge will be made for advising a person who has submitted satisfactory evidence of ownership as to the status of a bearer Treasury security or a bearer security of a Government agency or a wholly or partially Government-owned corporation.

(d) No charge will be made for furnishing an owner, coowner, joint owner, surviving beneficiary, or person

### 31 CFR Ch. II (7-1-02 Edition)

who is entitled to the security under the applicable regulations a photocopy or similar reproduction of any Treasury security, with any necessary supporting documents, which it is alleged was improperly paid or was reissued, transferred or redeemed on a forged or defective request, endorsement, or assignment.

(e) Fees may be waived for other classes of requested records upon a finding by the Commissioner of the Public Debt that the person requesting the information is entitled to the record requested without charge.

## PART 328—RESTRICTIVE ENDORSEMENTS OF U.S. BEARER SECURITIES

Sec.

328.1 Scope of regulations.

328.2 Definitions.

328.3 Authorization for restrictive endorsements.

328.4 Effect of restrictive endorsements.

328.5 Forms of endorsement.

328.6 Requirements for endorsement.

328.7 Shipment of securities.

328.8 Loss, theft, or destruction of securities bearing restrictive endorsements.

328.9 Miscellaneous.

AUTHORITY: R.S. 3706; 40 Stat. 288, 502, 1309; 46 Stat. 20; 48 Stat. 343; 49 Stat. 20; 56 Stat. 189; 73 Stat. 622; 85 Stat. 5, 74 (31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a and 754b); and 5 U.S.C. 301.

SOURCE: 38 FR 10682, Apr. 30, 1973, unless otherwise noted.

### § 328.1 Scope of regulations.

The regulations in this part are applicable only to U.S. bearer securities<sup>1</sup> presented:

(a) By or through banks for payment at or after their maturity or call date, or in exchange for any securities under any exchange offering,

(b) By banks for conversion to book-entry securities,

(c) By or through banks at any time prior to their maturity or call date for redemption at par and application of

<sup>1</sup>Certain agencies of the United States and certain Government and Government-sponsored corporations also authorize the restrictive endorsement of bearer securities.

## Fiscal Service, Treasury

## § 328.5

the entire proceeds in payment of Federal estate taxes, provided said securities by the terms of their issue are eligible for such redemption, and

(d) By Service Center Directors and District Directors, Internal Revenue Service, for redemption, with the proceeds to be applied in payment of taxes (other than securities presented under paragraph (c) of this section).

These regulations do not apply to bearer securities presented for any other transactions, or to registered securities assigned in blank, or to bearer, or so assigned as to become, in effect, payable to bearer.

### § 328.2 Definitions.

Certain words and terms, as used in these regulations, are defined as follows:

(a) *Banks* refer to, and include, incorporated banks (i.e., banks doing a general commercial banking business), incorporated trust companies (i.e., trust companies doing either a general banking business or a general trust business), and savings and loan associations, building and loan associations, and such other financial institutions as may be designated by the Federal Reserve banks. This definition is limited to institutions incorporated within the United States, its territories and possessions, the Commonwealth of Puerto Rico and the Canal Zone.

(b) *Bearer securities* or *securities* are those which are payable on their face to *bearer*, the ownership of which is not recorded. They include *Treasury bonds*, Treasury notes, Treasury certificates of indebtedness, and *Treasury bills*.

### § 328.3 Authorization for restrictive endorsements.

(a) *By banks*. Banks are authorized, under the conditions and in the form hereinafter provided, to place restrictive endorsements upon the face of bearer securities owned by themselves or their customers for the purpose of presentation to Federal Reserve banks or branches, or to the Bureau of the Public Debt, as follows:

(1) For payment or redemption—at any time within 1 calendar month prior to their maturity date, or the date on which they become payable pursuant

to a call for redemption, or at any time after their maturity or call date;

(2) For exchange—during any period for their presentation pursuant to an exchange offering;

(3) For redemption at par in payment of Federal estate taxes (only eligible securities)—at any time prior to their maturity or call redemption date; and

(4) For conversion to book-entry securities under subpart O of part 306 of this chapter—at any time prior to their maturity or call redemption date.

(b) *By Service Center Directors and District Directors, Internal Revenue Service*. Service Center Directors and District Directors, Internal Revenue Service, are authorized, under the conditions and in the form hereinafter provided, to place restrictive endorsements upon the face of bearer securities for the purpose of presentation to Federal Reserve banks or branches, or to the Bureau of the Public Debt, for redemption and application of the proceeds in payment of taxes (other than securities presented for redemption at par and application of the proceeds in payment of Federal estate taxes).

(c) *Instructions from Federal Reserve banks*. Federal Reserve banks will inform eligible banks and Service Center Directors and District Directors, Internal Revenue Service, in their respective districts as to the procedure to be followed under the authority granted by these regulations. Restrictive endorsements shall not be placed on securities until such information is received from the Federal Reserve banks.

### § 328.4 Effect of restrictive endorsements.

Bearer securities bearing restrictive endorsements as herein provided will thereafter be nonnegotiable and payment, redemption, or exchange will be made only as provided in such endorsements.

### § 328.5 Forms of endorsement.

(a) *When presented by banks*—(1) *For payment or exchange*. The endorsement placed on a bearer security presented for payment or exchange by a bank should be in the following form:

For presentation to the Federal Reserve Bank of \_\_\_\_\_, Fiscal Agent of

### § 328.6

### 31 CFR Ch. II (7-1-02 Edition)

the United States, for redemption or in exchange for securities of a new issue, in accordance with written instructions submitted by \_\_\_\_\_. (Insert name of presenting bank)

(2) *For redemption at par.* The endorsement placed on a bearer security presented for redemption at par in payment of Federal estate taxes should be in the following form:

For presentation to the Federal Reserve Bank of \_\_\_\_\_, Fiscal Agent of the United States, for redemption at par in payment of Federal estate taxes, in accordance with written instructions submitted by \_\_\_\_\_. (Insert name of presenting bank)

(b) *For conversion to book-entry securities.* The endorsement placed on a bearer security presented for conversion to a book-entry security shall be in the following form:

For presentation to the Federal Reserve Bank of \_\_\_\_\_, Fiscal Agent of the United States, for conversion to book-entry securities by \_\_\_\_\_. (Insert name of presenting bank)

(c) *When presented by Service Center Directors or District Directors, Internal Revenue Service.* The endorsement placed on a bearer security by a Service Center Director or a District Director, Internal Revenue Service, should be in the following form:

For presentation to the Federal Reserve Bank of \_\_\_\_\_; Fiscal Agent of the United States, for redemption, the proceeds to be credited to the account of the Service Center Director, Internal Revenue Service, at \_\_\_\_\_, for credit on the Federal \_\_\_\_\_ (Income, gifts, or other) taxes due from \_\_\_\_\_. (Name and address)

### § 328.6 Requirements for endorsement.

(a) *On bearer securities.* The endorsement must be imprinted in the lefthand portion of the face of each security with the first line thereof parallel to the left edge of the security and in such manner as to be clearly legible and in such position that it will not obscure the serial number, series designation, or other identifying data, and cover the smallest possible portion of the text on the face of the security. The dimensions of the endorsement should be approximately 4 inches in width and 1½ inches in height, and

must be imprinted by stamp or plate of such character as will render the endorsement substantially ineradicable. The name of the Federal Reserve bank of the district must appear on the plate or stamp used for the imprinting of the endorsement, and presentation to the appropriate branch of the Federal Reserve bank named will be considered as presentation to the bank. When securities are to be presented to the Bureau of the Public Debt, the words "United States Treasury" should be used in lieu of the words "Federal Reserve Bank of \_\_\_\_\_, Fiscal Agent of the United States." No subsequent endorsement will be recognized. If the form of endorsement on a security is different than that prescribed in § 328.5, the provisions of §§ 328.7 and 328.8 shall not apply to the security.

(b) *On coupons.* Unmatured coupons attached to restrictively endorsed securities should be canceled by imprinting the prescribed endorsement in such manner that a substantial portion of the endorsement will appear on each such coupon. If any such coupons are missing, deduction of their face amount will be made in cases of redemption, and in cases of exchange, remittance equal to the face amount of the missing coupons must accompany the securities. All matured coupons, including coupons which will mature on or before the date of redemption or exchange (except as otherwise specifically provided in an announcement of an exchange offering), should be detached from securities upon which restrictive endorsements are to be imprinted.

### § 328.7 Shipment of securities.

Securities bearing restrictive endorsements may be shipped, at the risk and expense of the shipper, by registered mail, messenger, armored car service, or express to the Federal Reserve bank of the district in which the presenting bank, the Service Center Director, or the District Director, Internal Revenue Service, is located, or to the appropriate branch of such Federal Reserve bank, shipments to the Bureau of the Public Debt, Washington, DC, should be made by messenger or armored car.

**§ 328.8 Loss, theft, or destruction of securities bearing restrictive endorsements.**

(a) *General.* Relief will be provided on account of securities bearing restrictive endorsements proved to have been lost, stolen or destroyed, upon the owner's application, in the same manner as registered securities which have not been assigned. (See subpart N of the current revision of Department Circular No. 300, the general regulations governing United States securities.) Except for bearer securities submitted for redemption at par in payment of Federal estate taxes, a bank will be considered the owner of securities handled on behalf of customers unless it otherwise requests. The application for relief (Form PD 2211) and instructions will be furnished by the Federal Reserve banks.

(b) *Bond of indemnity.* Where securities bearing restrictive endorsements shipped by a bank have been lost, stolen, or destroyed, a bond of indemnity with surety satisfactory to the Secretary of the Treasury will be required from the owner. If such bond is executed by a bank or other corporation, the execution must be authorized by general or special resolution of the board of directors, or other body exercising similar functions under its by-laws. Ordinarily, no surety will be required on a bond executed by a presenting bank. The Secretary of the Treasury reserves the right, however, to require a surety in any case in which he considers such action necessary for the protection of the United States.

**§ 328.9 Miscellaneous.**

The provisions of this circular are subject to the current revision of Department Circular No. 300. The Secretary of the Treasury reserves the right at any time to amend, supplement, or withdraw any or all of the provisions of these regulations.

**PART 330—REGULATIONS GOVERNING PAYMENT UNDER SPECIAL ENDORSEMENT OF UNITED STATES SAVINGS BONDS AND UNITED STATES SAVINGS NOTES (FREEDOM SHARES)**

Sec.

- 330.0 Purpose.
- 330.1 Definition of terms.
- 330.2 Qualification for use of special endorsement.
- 330.3 Special endorsement of securities.
- 330.4 Guaranty given to the United States.
- 330.5 Evidence of owner's or beneficiary's authorization to affix special endorsement.
- 330.6 Securities eligible for special endorsement.
- 330.7 Payment or redemption—exchange by agent.
- 330.8 Payment or redemption—exchange by Federal Reserve Bank.
- 330.9 Fiscal agents.
- 330.10 Modifications of other circulars.
- 330.11 Supplements, amendments, or revisions.

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 3105.

SOURCE: 53 FR 37519, Sept. 26, 1988, unless otherwise noted.

**§ 330.0 Purpose.**

The regulations in this part establish a procedure under which qualified paying agents may specially endorse United States Savings Bonds of certain series and United States Savings Notes (Freedom Shares), and either redeem the securities so endorsed, or forward them to a Federal Reserve Bank for redemption, with or without the owner's signature to the requests for payment.

**§ 330.1 Definition of terms.**

As used in this part:

(a) *Federal Reserve Bank or Bank* refers to the Federal Reserve Bank providing savings bond services to the district in which a paying agent is located. See § 330.9.

(b) *Owner(s)* means the person(s) named as registered owner or coowners on a bond or note, or as the designated beneficiary who has succeeded to ownership of the bond or note upon the

death of the owner. For the purposes of special endorsement, but not payment, by a qualified agent, the term may also include fiduciaries, corporations, partnerships, associations, and other entities named on a security, where such registration is authorized.

(c) *Paying agent(s)* or *agent(s)* refers to an eligible financial institution qualified under the provisions of this part to specially endorse securities and qualified, under the provisions of Department of the Treasury Circular No. 750, current revision (31 CFR part 321), to redeem eligible savings bonds and notes. The term includes the branches of a qualified agent that redeem bonds and notes and are themselves directly accountable for such redemptions.

(d) *Redemption* and *payment* are used interchangeably for payment of a bond or note in accordance with the terms of its offering and the regulations governing it, and include *redemption-exchange*.

(e) *Redemption-exchange* means any authorized redemption of eligible securities for the purpose of applying the proceeds in payment for other securities offered in exchange by the Treasury.

(f) *Savings bond(s)* or *bond(s)* means a United States Savings Bond of Series A, B, C, D, E, EE, or I.

(g) *Savings notes(s)* or *notes(s)* means a United States Savings Note (Freedom Share).

(h) *Security* or *securities* means a savings bond or note, as defined in paragraphs (f) and (g) of this section.

(i) *Special endorsement* means a procedure under which a security is redeemed by an agent, qualified under the provisions of this part, for cash or on redemption-exchange (or forwarded for redemption to a designated Federal Reserve Bank, where appropriate), utilizing a special stamp placed on the security in lieu of a request for payment signed by the owner.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10538, 10539, Mar. 4, 1994; 63 FR 38044, July 14, 1998]

### § 330.2 Qualification for use of special endorsement.

(a) *Application for authority*. Any financial institution qualified as a paying agent of savings bonds and notes

under the provisions of Department of the Treasury Circular No. 750, current revision, may establish its eligibility to employ the special endorsement procedure by executing and submitting the appropriate application-agreement form to the designated Federal Reserve Bank. In executing the form, the agent certifies that, by duly executed resolution of its governing board or committee, it has been authorized to apply for the privilege of paying and processing securities in accordance with the provisions and conditions of this part (Circular No. 888, including all supplements, amendments, and revisions, and any related instructions). If the application is approved, the designated Federal Reserve Bank will issue a certificate of qualification.

(b) *Agents previously qualified*. Paying agents qualified under previous revisions of this part are authorized to continue to act without requalification. They shall, however, be subject to the terms and conditions of the previously executed application and these regulations in the same manner and to the same extent as though they had requalified hereunder.

(c) *Termination of qualification*. The Secretary of the Treasury reserves the right to withdraw the special endorsement authority from any paying agent at any time. Such authority will also be terminated at any time at the request of the paying agent. In either event, formal notice of the termination shall be given to the agent in writing by the designated Federal Reserve Bank.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994]

### § 330.3 Special endorsement of securities.

(a) *Form of endorsement*. Each security processed under the provisions of this part shall bear the following endorsement:

Request by owner and validity of transaction guaranteed in accordance with T.D. Circular No. 888, as revised. (Name, location, and paying agent code number assigned by designated Federal Reserve Bank.)

This endorsement must be legibly impressed in black or other dark-colored ink on the back of the security in the

## Fiscal Service, Treasury

## § 330.5

space provided for the owner to request payment.

(b) *Endorsement stamps.* Endorsement stamps may be obtained from the designated Federal Reserve Bank or, with its approval, purchased by the agent. Requests for stamps to be furnished or approved by the Bank must be made in writing by an officer of the paying agent. Stamps procured by an agent may not exceed a space bounded by 1¾ inches vertically and 3 inches horizontally. They must follow exactly the wording prescribed. They may also include space for the transaction date and the initials or signature of the officer or employee authorized to approve the transaction.

(c) *Securities registered in coownership or beneficiary form.* In the case of securities registered in coownership or beneficiary form, the agent shall indicate which person, whose name is inscribed thereon, requested payment or exchange by encircling in black or other dark-colored ink the name of that person (or both coowners, if the request is joint) in the inscription on the face of the securities.

(d) *Restrictions.* Under no circumstances shall the special endorsement procedure be used to give effect to a transfer, hypothecation or pledge of a security, or to permit payment to any person other than the owner, co-owner, or, where appropriate, beneficiary. Violation of these provisions will be cause for withdrawal of an agent's authority to process securities under the special endorsement procedure, and may involve additional penalties if the circumstances warrant such action.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994]

### § 330.4 Guaranty given to the United States.

By the act of paying or presenting to a designated Federal Reserve Bank, for payment or exchange, a security on which it has affixed the special endorsement, a payment agent shall be deemed to have:

(a) Unconditionally guaranteed to the United States the validity of the transaction, including the identification of the owner and the disposition of the proceeds or the new bonds, as the

case may be, in accordance with the presenter's instruction;

(b) Assumed complete and unconditional liability to the United States for any loss which may be incurred by the United States as a result of the transaction; and

(c) Unconditionally agreed to make prompt reimbursement for the amount of any loss, upon request of the Department of the Treasury.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994]

### § 330.5 Evidence of owner's or beneficiary's authorization to affix special endorsement.

(a) *Form of authorization.* The Treasury does not prescribe the form or type of instructions an agent must obtain from each owner, co-owner or beneficiary in order to use the special endorsement procedure. In the case of eligible Series E and EE savings bonds and savings notes presented for a redemption-exchange, the owner, co-owner or beneficiary authorized to request the exchange (as specified in Circular No. 750, § 321.8(b)), must sign the exchange subscription even though the eligible Series E and EE savings bonds and savings notes are specially endorsed.

(b) *Securities in coownership or beneficiary form.* Securities registered in coownership or beneficiary form should be accepted for special endorsement only for immediate payment or exchange. Acceptance of bonds and notes for processing at some future date should be avoided as authority to utilize such endorsement generally expires upon the death of the owner or coowner on whose behalf securities were to be paid. Requests for payment of securities present by the surviving beneficiary must be supported by a certificate of death for the owner named thereon, as required by Circular No. 750, part 321 and the appendix to that part.

(c) *Record of authorization.* Agents should maintain such records as may be necessary to establish the receipt of, and compliance with, instructions supporting the special endorsement. If the agent elects to make notations on the backs of the securities to serve as a record, the Bureau of the Public Debt

## § 330.6

will undertake to produce, on request, photocopies of such securities at any time up to ten years after the redemption date. However, the Bureau does not assume responsibility for the adequacy of such notations, for the legibility of any photocopy, or for failure to produce a photocopy from its records.

[53 FR 37519, Sept. 26, 1988, as amended at 63 FR 38044, July 14, 1998]

### § 330.6 Securities eligible for special endorsement.

(a) *General authority.* A qualified agent is authorized to affix the special endorsement to:

(1) Savings bonds of Series A, B, C, D, E, EE, and I and savings notes to be redeemed for cash; and

(2) Eligible savings bonds of Series E and EE and savings notes to be redeemed in exchange for Series HH bonds under the provisions of Circular No. 2-80 (31 CFR part 352).

(b) *Securities which may not be specially endorsed.* The special endorsement procedure may not be used in any case in which payment or exchange:

(1) Is requested by a parent on behalf of a minor child named on the security, or

(2) Requires documentary evidence, under regulations contained in Circulars Nos. 530 and 3-80 (31 CFR parts 315 and 353, respectively), except as indicated in § 330.5.

(c) *Securities owned by nonresident aliens.* As securities owned by a nonresident alien individual, or a nonresident foreign corporation, partnership, or association, may be subject to the nonresident alien withholding tax, bonds and notes held or received by an agent for the account of such owners must be forwarded to the designated Federal Reserve Bank for redemption, even though the agent may specially endorse the securities.

[53 FR 37519, Sept. 26, 1988, as amended at 59 FR 10539, Mar. 4, 1994; 63 FR 38044, July 14, 1998]

### § 330.7 Payment or redemption—exchange by agent.

Specially endorsed securities may be paid in cash or, if they are eligible Se-

## 31 CFR Ch. II (7-1-02 Edition)

ries E and EE savings bonds or savings notes, redeemed in exchange for Series HH bonds pursuant to the authority and subject, in all other respects, to the provisions of Circular No. 750, current revision (31 CFR part 321), its appendix, and any other instructions issued under its authority. Each specially endorsed bond or note paid by an agent must have the agent's payment stamp imprinted on its face and show the date and amount paid. Securities so paid should be combined with other securities paid under that Circular and presented for settlement through EZ CLEAR. Securities redeemed by an agent in an exchange must be presented for settlement through EZ CLEAR separately from, but at the same times as, an exchange subscription and any remittance are forwarded to the Fiscal Agency Department of the appropriate Federal Reserve Bank.

[63 FR 38044, July 14, 1998]

### § 330.8 Payment or redemption—exchange by Federal Reserve Bank.

Specially endorsed securities which an agent is not authorized to redeem for cash or on exchange should be forwarded to the Fiscal Agency Department of the designated Federal Reserve Bank. The transmittals must be accompanied by appropriate instructions governing the transaction and the disposition of the redemption proceeds or new bonds, as the case may be. The securities must be kept separate from others the agent has paid and must be submitted in accordance with instructions issued by the Bank.

[63 FR 38044, July 14, 1998]

### § 330.9 Fiscal agents.

(a) The Federal Reserve Banks referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested by the Secretary of the Treasury, or his or her delegate, in connection with this part.

(b) The following Federal Reserve Offices have been designated to provide savings bond services:



Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 90 Hennepin Avenue, Minneapolis MN 55401.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MI, MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

[59 FR 10539, Mar. 4, 1994, as amended at 63 FR 38044, July 14, 1998]

**§ 330.10 Modifications of other circulars.**

The provisions of this part shall be considered as amending and supplementing: Department of the Treasury Circulars Nos. 530, 653, and 750 (31 CFR parts 315, 316, and 321, respectively), and Department of the Treasury Circulars, Public Debt Series Nos. 1-80, 2-80, 3-80, 3-67, 1-98, and 2-98 (31 CFR parts 351, 352, 353, 342, 359, and 360 respectively), and any revisions thereof or amendments or supplements thereto, and those Circulars are hereby modified to the extent necessary to accord with the provisions of this part.

[63 FR 38044, July 14, 1998]

**§ 330.11 Supplements, amendments, or revisions.**

The Secretary of the Treasury may, at any time, or from time to time, revise, supplement, amend or withdraw, in whole or in part, the provisions of this part.

**PART 332—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES H**

- Sec.
- 332.1 Offering of bonds.
- 332.2 Description of bonds.
- 332.3 Governing regulations.
- 332.4 Registration.
- 332.5 Limitation on holdings.
- 332.6 Purchase of bonds.
- 332.7 Delivery of bonds.
- 332.8 Extended terms and yield for outstanding bonds.
- 332.9 Taxation.
- 332.10 Payment or redemption.

- 332.11 Reservation as to issue of bonds.
- 332.12 Fiscal agents.
- 332.13 Reservation as to terms of offering.

AUTHORITY: 31 U.S.C. 3105 and 5 U.S.C. 301.

SOURCE: 57 FR 14281, Apr. 17, 1992, unless otherwise noted.

**§ 332.1 Offering of bonds.**

The Secretary of the Treasury offered for sale to the people of the United States, United States Savings Bonds of Series H, hereinafter generally referred to as "Series H bonds" or "bonds". This offer was terminated on December 31, 1979.

**§ 332.2 Description of bonds.**

(a) *General.* Series H bonds bear a facsimile of the signature of the Secretary of the Treasury and of the Seal of the Department of the Treasury. They were issued only in registered form and are nontransferable.

(b) *Denominations and prices.* Series H bonds were issued at face (par) amount and were available in denominations of \$500, \$1,000, \$5,000 and \$10,000.

(c) *Inscription and issue.* A bond is valid only if an authorized issuing agent received payment therefore and duly inscribed, dated, and imprinted validated indicia on the bond. The face of each bond was to be inscribed as set forth below:

(1) The name, social security account number and address of the owner, and the name of the beneficiary, if any, or

### § 332.3

the name, social security account number, and address of the first-named co-owner and the name of the other co-owner. The inscription of the social security number was required for bonds issued on or after January 29, 1963.

(2) The issue date in the upper right-hand portion of the bond; and

(3) The imprint of the agent's validation indicia in the lower right-hand portion to show the date the bond was actually inscribed.

#### § 332.3 Governing regulations.

Series H bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings bonds of Series A, B, C, D, E, F, G, H, J and K, contained in 31 CFR part 315, also published as Department of the Treasury Circular No. 530, current revisions, except as otherwise specifically provided herein.

#### § 332.4 Registration.

Series H bonds were permitted to be registered as set forth in subpart B of 31 CFR part 315, also published as Department of the Treasury Circular No. 530.

#### § 332.5 Limitation on holdings.

The amount of Series H bonds, originally issued during any one calendar year, that could be held by any one person, at any one time, computed in accordance with the governing regulations, was limited as follows:

(a) *General limitation.* From \$5,000 to \$30,000 depending upon the issue date.

(b) *Special limitation for gifts to exempt organizations under 26 CFR 1.501(c)(3)-1.* \$200,000 for bonds received as gifts by an organization which at the time of purchase was an exempt organization under the terms of 26 CFR 1.501(c)(3)-1.

(c) *Exchange pursuant to 31 CFR part 339.* Series H bonds issued in an exchange pursuant to the provisions of 31 CFR part 339, also published as Department of the Treasury Circular No. 1036, were exempt from the annual limitation.

#### § 332.6 Purchase of bonds.

(a) *Issuing agents.* Only Federal Reserve Banks and Branches, as fiscal agents of the United States, and the

### 31 CFR Ch. II (7-1-02 Edition)

Department of the Treasury were authorized to issue Series H bonds. However, financial institutions were permitted to forward applications for purchase of the bonds to the Federal Reserve Bank of their district. The date of receipt, by the Reserve Bank or the Department of the Treasury, of the application and payment governed the issue date of the bond purchased.

(b) *Application for purchase and remittance.* (1) The applicant for purchase of Series H Bonds furnished.

(i) Instructions for registration of the bonds to be issued, which must have been in an authorized form;

(ii) The appropriate social security or employer identification number;

(iii) The post office address of the owner or first-named coowner; and

(iv) The address(es) for delivery of the bonds and for mailing checks in payment of interest, if other than that of the owner or first-named coowner.

(2) The application was to be forwarded to a Federal Reserve Bank or Branch, or the Department of the Treasury, accompanied by a remittance to cover the purchase price. Any form of exchange, including personal checks, was acceptable, subject to collection. Checks or other forms of exchange were to be drawn to the order of the Federal Reserve Bank or the United States Treasury. Checks payable by endorsement were not acceptable. Any depository qualified pursuant to 31 CFR part 203, also published as Department of the Treasury Circular No. 92, current revision, was permitted to make payment by credit for bonds applied for on behalf of its customers, up to any amount for which it was qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

#### § 332.7 Delivery of bonds.

Authorized issuing agents delivered Series H bonds, either over-the-counter in person or by mail, at the risk and expense of the United States, to the address given by the purchaser, but only within the United States, its territories and possessions, and the Commonwealth of Puerto Rico. No mail deliveries elsewhere were made. If purchased by citizens of the United States temporarily residing abroad, the bonds

**Fiscal Service, Treasury**

**§ 332.9**

were delivered at such address in the United States as the purchaser directed.

**§ 332.8 Extended terms and yield for outstanding bonds.**

(a) *Extended maturity period*—(1) *General*. The terms *extended maturity period*, and *second extended maturity period*, when used herein, refer to 10-year intervals after the original maturity dates during which owners may retain their bonds and continue to earn interest thereon. No special action is required of owners desiring to take advantage of any extensions heretofore or herein granted.

(2) *Two extensions*. All Series H bonds may be retained for two extended maturity periods of 10 years each. All Series H bonds cease to earn interest upon reaching final maturity. Final maturities are shown below:

Issue dates—1st day of	Life of bonds		Final maturity dates—1st day of
	yrs.	mos.	
Jun. 1952–Jan. 1957	29	8	Feb. 1982–Sep. 1986.
Feb. 1957–Dec. 1979.	30	.....	Feb. 1987–Dec. 2009.

(b) *Investment yields for outstanding bonds—General—interest rates*. The investment yields on outstanding Series H bonds are as set out below:

(1) For Series H bonds that were in original or extended maturity periods prior to November 1, 1982, the investment yield was 8.5 percent per annum, paid semiannually, effective for the period from the first semiannual interest payment date occurring on or after May 1, 1981, through the end of such periods. For bonds that entered extensions, see paragraphs (b)(2) through (b)(4) of this section.

(2) For Series H bonds that entered extended maturity periods from November 1, 1982, through October 1, 1986, the investment yield was 7.5 percent per annum, paid semiannually, for such periods, including bonds that entered into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension	Entered—1st day of
Nov. 1962–Oct. 1966.	2nd (final) .....	Nov. 1982–Oct. 1986.

Issue dates—1st day of—	Extension	Entered—1st day of
Nov. 1972–Oct. 1976.	1st .....	Nov. 1982–Oct. 1986.

(3) For Series H bonds that entered extended maturity periods from November 1, 1986, through February 1, 1993, the investment yield was 6 percent per annum, paid semiannually, for such periods, including bonds that entered into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension	Entered—1st day of
Nov. 1966–Feb. 1973.	2nd (final) .....	Nov. 1986–Feb. 1993.
Nov. 1976–Dec. 1979.	1st .....	Nov. 1986–Dec. 1989.

(4) For Series H bonds that entered or enter extended maturity periods on or after March 1, 1993, the guaranteed minimum investment yield is 4 percent per annum, paid semiannually, or the investment yield in effect at the beginning of such periods, including bonds that enter into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension	Entered—1st day of
Mar. 1973–Dec. 1979.	2nd (final) .....	Mar. 1993–Dec. 1999.

(c) *Tables of interest payments and investment yields*. Tables of interest payments and investment yields are available from the Bureau of Public Debt and Federal Reserve Banks and Branches.

[57 FR 14281, Apr. 17, 1992, as amended at 58 FR 60937, Nov. 18, 1993]

**§ 332.9 Taxation.**

The income derived from Series H bonds is subject to all taxes imposed under the Internal Revenue Code of 1986, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

**§ 332.10**

**31 CFR Ch. II (7-1-02 Edition)**

**§ 332.10 Payment or redemption.**

A Series H bond became eligible for redemption at par at any time after six months from its issue date. To be redeemed, the bond must be presented and surrendered, with a duly executed request for payment, to a Federal Reserve Bank or Branch referred to in § 332.12, or the Bureau of the Public Debt, Parkersburg, WV 26106-1328. In any case where bonds are surrendered for redemption in the month prior to an interest payment date, redemption will not be deferred but will be made in regular course, unless the presenter specifically requests that the transaction be delayed until that date. A request to defer redemption made more than one month preceding the interest payment date will not be accepted.

[57 FR 14281, Apr. 17, 1992, as amended at 59 FR 10539, Mar. 4, 1994]

**§ 332.11 Reservation as to issue of bonds.**

The Secretary of the Treasury reserved the right to reject any application for Series H bonds, in whole or part, and to refuse to issue or permit to be issued hereunder any such bonds in any case or any class or classes of cases, if such action was deemed to be in the public interest. Any action in any such respect was final.

**§ 332.12 Fiscal agents.**

(a) Federal Reserve Banks and Branches referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her delegate, in connection with the reissue, redemption and payment of Series H bonds.

(b)(1) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY, (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(2) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

[59 FR 10539, Mar. 4, 1994]

**§ 332.13 Reservation as to terms of offering.**

The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this offering of bonds, or of any amendments or supplements thereto.

**PART 337—SUPPLEMENTAL REGULATIONS GOVERNING FEDERAL HOUSING ADMINISTRATION DEBENTURES**

Sec.  
337.0 Scope of regulations.

**Subpart A—Certificated Debentures**

- 337.1 Applicability of Treasury regulations.
- 337.2 Transportation charges and risks.
- 337.3 Termination of transfers and denominational exchange transactions.
- 337.4 Presentation and surrender.
- 337.5 Assignments.

## Fiscal Service, Treasury

## § 337.4

- 337.6 Conversions to book-entry.
- 337.7 Servicing transactions.
- 337.8 Payment of mortgage insurance premiums.
- 337.9 Payment of final interest.
- 337.10 Payments.

### Subpart B—Book-Entry Debentures

- 337.11 Original issue and conversions.
- 337.12 Applicability of TREASURY DIRECT regulations.
- 337.13 Payment of mortgage insurance premiums.

### Subpart C—Additional Information

- 337.14 Address for further information.
- 337.15 General provisions.

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 321; Sec. 516, Pub. L. 102-550, 106 Stat. 3790.

SOURCE: 59 FR 42162, Aug. 17, 1994, unless otherwise noted.

### § 337.0 Scope of regulations.

The United States Department of the Treasury is the agent of the Federal Housing Administration for transactions in any debentures which have been or may be issued pursuant to the authority conferred by the National Housing Act, 12 U.S.C. 1701 *et seq.*, as amended from time to time, including Mutual Mortgage Insurance Fund Debentures, Housing Insurance Fund Debentures, War Housing Insurance Fund Debentures, Military Housing Insurance Fund Debentures, and National Defense Housing Insurance Fund Debentures. In accordance with the regulations adopted by the Federal Housing Commissioner and approved by the Secretary of the Treasury, such transactions are governed by regulations of the Department of the Treasury, so far as applicable. The Bureau of the Public Debt, Office of Public Debt Accounting operates the FHA debenture computer system and performs the day-to-day operations and transactions relating to the debentures.

[66 FR 56432, Nov. 8, 2001]

### Subpart A—Certificated Debentures

#### § 337.1 Applicability of Treasury regulations.

The general regulations governing United States securities, part 306 of this chapter, apply, as the regulations

for similar transactions and operations in certificated debentures. To the extent that the provisions in this part differ from the provisions in part 306, the provisions in this part shall prevail.

#### § 337.2 Transportation charges and risks.

Debentures presented for redemption at call or maturity, or for authorized prior purchase, or for conversion to book-entry form, must be delivered at the expense and risk of the holder. Debentures bearing restricted assignments may be forwarded by registered mail, but for the owner's protection debentures bearing unrestricted assignments should be forwarded by insured registered mail.

[66 FR 56432, Nov. 8, 2001]

#### § 337.3 Termination of transfers and denominational exchange transactions.

Debentures, which by their terms are subject to call, may be called for redemption, in whole or in part, at par and accrued interest, on any interest date on three months' notice. No transfers or denominational exchanges in certificated debentures covered by a given call will be made on the books of the Department of the Treasury on or after the announcement of such call. However, this does not affect the right of a holder of such debenture to sell and assign it on or after the announcement of the call date.

#### § 337.4 Presentation and surrender.

(a) *For redemption.* To facilitate the redemption of called or maturing debentures, they may be presented and surrendered in the manner prescribed in this section in advance of the call or maturity date, as the case may be. Early presentation by holders will insure prompt payment of principal and interest when due. The debentures must first be assigned by the registered payee or his assignee, or by his duly constituted representative, if required, in the form and manner indicated in § 337.5, and must then be submitted to the Bureau of the Public Debt at the address given in § 337.14, accompanied

### § 337.5

by appropriate written advice. A transmittal advice for this purpose will accompany the notice of call.

(b) *For purchase.* Debentures, the purchase of which has been authorized prior to call or maturity, may be assigned as instructed in paragraph (a) of this section and immediately submitted in accordance with procedures prescribed by HUD for this purpose.

[59 FR 42162, Aug. 17, 1994, as amended at 66 FR 56432, Nov. 8, 2001]

### § 337.5 Assignments.

(a) If the registered payee, or an assignee holding a certificated debenture under proper assignment from the registered payee, desires that payment be made to such payee or assignee, the debenture need not be assigned. If the owner desires for any reason that payment be made to another, without intermediate assignment, the debentures should be assigned to "The Federal Housing Commissioner for redemption (or, purchase) for the account of \_\_\_\_\_," inserting the name and address of the person to whom payment is to be made. Proof of the authority of the individual assigning on behalf of an owner will be required in accordance with part 306 of this chapter.

(b) An assignment in blank or other assignment having similar effect will be recognized, but in that event the debenture would be, in effect, payable to bearer, and payment will be made in accordance with the instructions received from the person surrendering the debenture for redemption or purchase. For the owner's protection, such assignments should be avoided unless the owner is willing to lose the protection afforded by registration.

(c) Debentures submitted for conversion to book-entry form should be assigned to "The Federal Housing Commissioner for conversion to book-entry debentures for the account of \_\_\_\_\_." The registration on the book-entry account and/or the account number in which the debentures should be deposited should be indicated.

(d) All assignments must be made on the debentures themselves unless otherwise authorized by the Department of Treasury.

### 31 CFR Ch. II (7-1-02 Edition)

### § 337.6 Conversions to book-entry.

Upon implementation of the book-entry debenture system, to be announced in advance by separate public notice, all new debentures will be issued only in book-entry form, and may not thereafter be converted to certificated form.

Certificated debentures may, upon the owner's request in accordance with § 337.5(c), be converted to book-entry. If such action is taken, the owner shall be deemed to have irrevocably waived the right to hold such debenture in certificated form.

### § 337.7 Servicing transactions.

Upon implementation of the book-entry debenture system, to be announced in advance by separate public notice, any transfer or denominational exchange of certificated debentures generally will be made in book-entry form. If certificated debentures are desired, the owner should so request in writing, before the book-entry debentures are issued.

### § 337.8 Payment of mortgage insurance premiums.

When certificated debentures are tendered for purchase prior to maturity in order that the proceeds thereof be applied to pay for mortgage insurance premiums, any difference between the amount of the debentures purchased and the amount of the mortgage insurance premium will generally be issued to the owner in the form of a book-entry debenture in the exact amount of such difference, provided it is one dollar (\$1.00) or more. However, if the owner so requests, such difference will be settled with certificated debenture(s), together with a cash adjustment, if any. Such request should be made in writing, before the book-entry debenture in the amount of the difference is issued.

### § 337.9 Payment of final interest.

Final interest on any debenture, whether purchased prior to or redeemed on or after the call or the maturity date, will be paid with the principal. In all cases the payment of principal and final interest will be mailed or directed to the payment address

## Fiscal Service, Treasury

## § 337.14

given in the form of advice accompanying the debenture surrendered.

### § 337.10 Payments.

Payments on certificated debentures will be made by fiscal agency check in accordance with part 355 of this chapter, or, upon request, by direct deposit (electronic funds transfer) in accordance with part 370 of this chapter. Information as to the deposit account at the financial institution designated to receive a direct deposit payment shall be provided on the appropriate form(s) designated by the Department.

## Subpart B—Book-Entry Debentures

### § 337.11 Original issue and conversions.

Upon implementation of the book-entry debenture system, to be announced in advance by separate public notice, all new debentures will be issued only in book-entry form in the exact amount payable to the owner. Once issued in book-entry form, a debenture may not be converted to certificated form.

### § 337.12 Applicability of TREASURY DIRECT regulations.

The regulations governing the TREASURY DIRECT Book-Entry Securities System (TREASURY DIRECT) (part 357 of this chapter) apply to govern transactions in FHA book-entry debentures, with the following exceptions:

(a) *Securities account.* (See § 357.20 of this chapter.) An account in the book-entry debenture system may be established by the Department of the Treasury upon receipt of the request that a new debenture be issued or that a certificated debenture be converted to book-entry form. The statement of account shall contain information regarding the account as of the date of such statement. It will include a unique account number, but will not include price information.

(b) *Transfers.* (See § 357.22 of this chapter.) A book-entry debenture may be transferred only between accounts established in the FHA book-entry debenture system.

(c) *Debentures announced for call.* Debentures, which by their terms are sub-

ject to call, may be called for redemption, in whole or in part, at par and accrued interest, on any interest date on three months' notice. For purposes of a transaction request affecting ownership and/or payment instructions with respect to a debenture announced for call, a proper request must be received not less than twenty (20) calendar days preceding the next payment date. If the twentieth day preceding a payment date falls on a Saturday, Sunday, or a Federal holiday, the last day set for the receipt of a transaction request will be the last business day preceding that date. If a transaction request is received less than twenty (20) calendar days preceding a payment date, the Department may, in its discretion, act on such request if sufficient time remains for processing. If a transaction request is received too late for completion of the requested transaction, principal and final interest on the called debentures will be paid to the owner of record and sent to the payment address of record.

(d) *Payments.* (See § 357.26 of this chapter.) Direct deposit (electronic funds transfer) payments with respect to debentures, e.g., principal, interest and cash adjustments, will be made without prenotification messages.

### § 337.13 Payment of mortgage insurance premiums.

When book-entry debentures are being purchased prior to maturity to pay for mortgage insurance premiums, the difference between the amount of the debentures purchased and the mortgage insurance premiums shall be issued to the owner in the form of a book-entry debenture in the exact amount of such difference, provided it is one dollar (\$1.00) or more.

## Subpart C—Additional Information

### § 337.14 Address for further information.

Further information regarding the issuance of, transactions in, and redemption of, FHA debentures may be obtained from the Bureau of the Public Debt, Office of Public Debt Accounting, 200 Third Street, P.O. Box 396, Parkersburg, West Virginia 26102-0396.

[66 FR 56432, Nov. 8, 2001]

**§ 337.15 General provisions.**

As fiscal agents of the United States, Federal Reserve Banks are authorized to perform any necessary acts under this part. The Secretary of the Treasury may at any time or from time to time prescribe supplemental and amendatory regulations governing the matters covered by this part, notice of which shall be communicated promptly to the registered owners of the debentures.

[66 FR 56432, Nov. 8, 2001]

**PART 339—EXCHANGE OFFERING OF UNITED STATES SAVINGS BONDS, SERIES H**

Sec.

339.0 Offering of Series H bonds in exchange for Series E bonds and savings notes.

339.1 Definitions of words and terms as used in this circular.

339.2 Denominations.

339.3 Exchanges with privilege of deferring reporting of interest for Federal income tax purposes.

339.4 Exchanges without tax deferral.

339.5 Governing regulations.

339.6 Fiscal agents.

339.7 Preservation of rights.

339.8 Reservation as to terms of offer.

AUTHORITY: Secs. 18, 20, and 22 of the Second Liberty Bond Act, as amended (40 Stat. 1309, 48 Stat. 343, 49 Stat. 21, 73 Stat. 621, all as amended; 31 U.S.C. 753, 754b, 757c), and 5 U.S.C. 301.

SOURCE: 36 FR 23856, Dec. 15, 1971, unless otherwise noted.

**§ 339.0 Offering of Series H bonds in exchange for Series E bonds and savings notes.**

The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, hereby offers to the people of the United States, U.S. Savings Bonds of Series H in exchange for outstanding U.S. Savings Bonds of Series E and U.S. Savings Notes (freedom shares) without regard to the annual limitation on holdings for the Series H bonds. The Series H bonds offered hereunder are those described in Department Circular No. 905, current revision, except as otherwise specifically provided herein. This offering will continue until terminated by the Secretary of the Treasury.

EDITORIAL NOTE: The sale of U.S. Savings Bonds, Series H, was terminated at the close of business Dec. 31, 1979. See 44 FR 77158, Dec. 31, 1979.

**§ 339.1 Definitions of words and terms as used in this circular.**

Unless the context otherwise requires or indicates:

(a) *Securities* mean outstanding U.S. Savings Bonds of Series E and U.S. Savings Notes (freedom shares).

(b) *Owner* means an owner of securities, except a commercial bank in its own right (as distinguished from a representative or fiduciary capacity) and a nonresident alien who is a resident of an area with respect to which the Treasury Department restricts or regulates delivery of checks drawn against funds of the United States or any agency or instrumentality thereof. The term includes a registered owner, whether or not a natural person, either coowner (but only the *principal coowner* if Series H bonds are requested in a form of registration different from that on the securities submitted), a surviving beneficiary, or any other person who would be entitled to reissue under the regulation governing U.S. Savings Bonds,<sup>1</sup> such as, but not limited to, any person entitled to succeed to the estate of a deceased owner.

(c) *Commercial bank* means a bank accepting demand deposits.

(d) *Interest* means the increment in value on Series E savings bonds and on savings notes.

(e) *Principal coowner* means a coowner who purchased the securities submitted for exchange with his own funds or received them as a gift, legacy or inheritance or as a result of judicial proceedings and had them reissued in coownership form, provided he has received no contribution in money or money's worth from the other coowner for designating him on the securities.

**§ 339.2 Denominations.**

Series H bonds, available for use hereunder, are in denominations of \$500, \$1,000, \$5,000 and \$10,000.

<sup>1</sup>Department Circular No. 530, current revision (31 CFR part 315). Copies may be obtained from any Federal Reserve Bank or Branch or the Bureau of the Public Debt, Washington, DC 20220.



**§ 339.3 Exchanges with privilege of deferring reporting of interest for Federal income tax purposes.**

(a) *Tax-deferred exchanges.* Pursuant to the provisions of section 1037(a) of the Internal Revenue Code of 1954, the Secretary of the Treasury hereby grants to owners who have not been reporting the interest on their securities on an accrual basis for Federal income tax purposes the privilege of exchanging such securities for Series H bonds and of continuing to defer reporting of the interest on the securities exchanged (except interest referred to in paragraph (b)(5) of this section) for Federal income tax purposes to the taxable year in which the Series H bonds received in exchange are disposed of, are redeemed, or have reached final maturity, whichever is earlier.<sup>2</sup>

(b) *Rules governing the exchange.* (1) Exchange subscription Form PD 3253, completed and executed in accordance with the instructions thereon, the securities, any cash difference (see paragraph (b)(3) of this section), and any supporting evidence which may be required under the governing regulations<sup>3</sup> may be presented or forwarded to any authorized agency.<sup>4</sup>

(2) A Series H bond issued upon exchange will be registered in the name of the owner of the securities submitted in any authorized form of registration. However, the *principal co-owner* must be named as owner or co-owner.

<sup>2</sup>The interest paid semiannually by check on all Series H bonds, whether issued in exchange under this or any other section, or otherwise, is subject to the Federal income tax for the taxable year in which it is received.

<sup>3</sup>For example, a beneficiary named on Series E bonds would have to submit proof of the death of the registered owner in order to exchange such bonds for Series H bonds.

<sup>4</sup>Agents authorized to pay Series E bonds and savings notes are authorized to accept and handle exchange subscriptions submitted by natural persons whose names are inscribed on the face of the bonds and notes as owners or coowners in their own right. However, as agents of subscribers they may forward any exchange subscription to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Washington, DC 20226, for acceptance and handling.

(3) The total current redemption value of the securities submitted for exchange in any one transaction must amount to \$500 or more. If the total current redemption value is in an even multiple of \$500, Series H bonds must be requested in that exact amount. If the total current redemption value exceeds \$500, but is not in an even multiple of \$500, the owner has the option of furnishing cash necessary to obtain Series H bonds of the next higher \$500 multiple, or of receiving payment of the difference between the total current redemption value and the next lower multiple of \$500. For example, under the rules prescribed in this circular, if the securities submitted for exchange in one transaction total \$4,253.33 current redemption value, the owner may elect to:

(i) Receive \$4,000 in Series H bonds and the amount of the difference, \$253.33, or

(ii) Pay the difference, \$246.67, necessary to obtain \$4,500 in Series H bonds.<sup>5</sup>

(4) Any amount paid to the owner as a cash adjustment (as in paragraph (3)(i) of this section) must be treated as income for Federal income tax purposes for the year in which it is received up to an amount not in excess of the total interest on the securities exchanged.<sup>6</sup>

(5) Each Series H bond issued under this section will be stamped "EX" or "EXCH" to show that it was issued upon exchange. Each bond also will bear a legend showing how much of its issue price represents interest on the securities exchanged. This interest must be treated as income for Federal income tax purposes for the year in

<sup>5</sup>If a paying agent accepts a subscription solely for the purpose of forwarding it, or if the owner forwards it direct, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, the remittance for the difference, by check or other form of exchange (which will be accepted subject to collection), must be drawn to the order of the Federal Reserve Bank or the United States Treasury, as the case may be. The remittance must accompany the subscription and the securities to be exchanged.

<sup>6</sup>The amount, if any, paid to the owner in excess of the interest is a repayment on account of the purchase price of the securities exchanged, not income.

#### § 339.4

which the Series H bond is redeemed, is disposed of, or finally matures, whichever is earlier.

(6) The Series H bonds will be dated as of the first day of the month in which the securities, the exchange subscription, any necessary cash difference and supporting evidence, if any, are accepted for exchange by an authorized agency.

#### § 339.4 Exchanges without tax deferral.

Exchanges by owners who:

(a) Report the interest on all of their securities annually for Federal income tax purposes, or

(b) Who elect to report all such interest in the year of the exchange, or

(c) Who are tax-exempt under the provisions of the Internal Revenue Code of 1954 and the regulations issued thereunder,

Will be handled in the same manner and will be governed by the rules prescribed for exchanges under § 339.3. However, the Series H bonds will not bear the legend referred to in § 339.3(b)(5). Any part of the cash adjustment received which represents interest previously reported for Federal income tax purposes need not be accounted for. The Series H bonds may be registered in the name of the owner of the securities submitted in exchange in any authorized form of registration.

#### § 339.5 Governing regulations.

All Series H bonds issued under this circular are subject to the regulations, now or hereafter prescribed, contained in Department Circular No. 530, current revision (part 315 of this chapter).

#### § 339.6 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them in connection with exchanges under these regulations.

#### § 339.7 Preservation of rights.

The provisions of Treasury Department Circulars Nos. 530, 653, and 905, as currently revised, are hereby modified and amended to the extent that they are not in accordance with this circular. However, nothing contained

#### 31 CFR Ch. II (7-1-02 Edition)

herein shall limit or restrict rights which owners of Series H bonds received in earlier exchanges have heretofore acquired.

#### § 339.8 Reservation as to terms of offer.

The Secretary of the Treasury reserves the right to reject any exchange subscription for Series H bonds, in whole or in part, and to refuse to issue or permit to be issued hereunder any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

The foregoing revision and amendment is made for the purpose of granting to owners of savings notes the same privilege afforded owners of Series E savings bonds for exchanging their securities for Series H bonds with or without tax deferral. As good cause exists for making this change, which involves public property and contracts relating to the fiscal and monetary affairs of the United States, I find that notice and public procedures are unnecessary. This action is effected under the provisions of sections 18, 20, and 22 of the Second Liberty Bond Act, as amended (40 Stat. 1309, 48 Stat. 343, 49 Stat. 21, 73 Stat. 621, all as amended; 31 U.S.C. 753, 754b, 757c), and 5 U.S.C. 301.

### PART 340—REGULATIONS GOVERNING THE SALE OF TREASURY BONDS THROUGH COMPETITIVE BIDDING

Sec.

340.0 Authority for sale of Treasury bonds through competitive bidding.

340.1 Public notice—description of bonds—terms of offer.

340.2 Denominations and exchanges.

340.3 Taxation.

340.4 Acceptance as security for public deposits.

340.5 Notice of intent to bid.

340.6 Submission of bids.

340.7 Deposits—retention—return.

340.8 Acceptance of bids.

340.9 Bids—revocations—rejections—postponements—reoffers.

340.10 Payment for and delivery of bonds.

340.11 Failure to complete transaction.

340.12 Reservations as to terms of circular.

AUTHORITY: Sec. 8, 50 Stat. 481, as amended; R.S. 3706; secs. 1, 4, 18, 5, 40 Stat. 288, as amended, 290, as amended, 1309, as amended,

## Fiscal Service, Treasury

## § 340.6

290, as amended; secs. 19, 20, 48 Stat. 343, as amended; 31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a, 754b.

SOURCE: 27 FR 12481, Dec. 18, 1962, unless otherwise noted.

### § 340.0 Authority for sale of Treasury bonds through competitive bidding.

(a) The Secretary of the Treasury may, from time to time, by public notice, offer Treasury bonds for sale and invite bids therefor. The bonds so offered and the bids made will be subject to the terms and conditions and the rules and regulations herein set forth, except as they may be modified in the public notice or notices issued by the Secretary in connection with particular offerings.<sup>1</sup> The bonds will be subject also to the general rules and regulations of the Treasury Department, now or hereafter prescribed, governing United States securities. They will be issued pursuant to the authority of the Second Liberty Bond Act, as amended.

(b) The terms *public notice*, *notices*, or *announcement* as used in this part mean the *Public Notice of Invitation to Bid* on Treasury bonds and any supplementary or amendatory notices or announcements with respect thereto, including, but not limited to any statement released to the press by the Secretary of the Treasury and notices sent to those who have filed notices of intent to bid or who have filed bids.

### § 340.1 Public notice—description of bonds—terms of offer.

When bonds are offered for sale through competitive bidding, bids therefor will be invited through the form of a public notice or notices issued by the Secretary of the Treasury. The notice or notices will either fix the coupon rate of interest to be borne by the bonds or prescribe the conditions under which bidders may specify the rate and will set forth the terms and conditions of the bonds, including maturities, call features, if any, and the terms and conditions of the offer, including the amount of the issue for which bids are invited, the

<sup>1</sup>These regulations do not apply to Treasury bills, which are governed by Department Circular No. 418, Revised, and do not constitute a specific offering of bonds.

date and closing hour for receipt of bids, and the date on which the bonds will be delivered and payment for any accepted bid must be completed. When so specified in the public notice, it shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder will make a bona fide reoffering to the investing public.

### § 340.2 Denominations and exchanges.

Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be available in denominations of \$500, \$1,000, \$5,000, \$10,000, \$100,000, and \$1,000,000. Provisions will be made for the interchange of bonds of different denominations and of bearer and registered bonds, and for the transfer of registered bonds.

### § 340.3 Taxation.

The income derived from the bonds will be subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds will be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but will be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

### § 340.4 Acceptance as security for public deposits.

The bonds will be acceptable to secure deposits of public moneys.

### § 340.5 Notice of intent to bid.

Any individual, or organization, syndicate, or other group which intends to submit a bid, must, when required by the public notice, give written notice of such intent on Form PD 3555 at the place and within the time specified in the public notice. The filing of such notice will not constitute a commitment to bid.

### § 340.6 Submission of bids.

(a) *General.* Bids will be received only at the place specified and not later than the time designated in the public notice. Each bid must be submitted on the official form referred to in the public notice and should be enclosed and sealed in the special envelope provided by the Treasury Department. Forms

### § 340.7

and envelopes may be obtained from any Federal Reserve Bank or Branch or the Bureau of the Public Debt, Treasury Department, Washington, DC 20220. Bids shall be irrevocable.

(b) *Bidding.* Bids, except noncompetitive bids when authorized, must be expressed as a percentage of the principal amount in not to exceed five decimals, e.g., 100.01038 percent. Provisions relating to the coupon rate of interest on the bonds, if not set forth in the public notice, will be made in a supplemental announcement. The public notice will indicate the timing of any such announcement. If the bidders are required to specify the coupon rate, each bidder shall specify a single coupon rate of interest, which shall be a multiple of  $\frac{1}{8}$  of 1 percent but not in excess of  $4\frac{1}{4}$  percent. The Secretary of the Treasury may limit the premium above or the discount below par.

(c) *Group bids.* A syndicate or other group submitting a bid must act through a representative who must be a member of the group. The representative must warrant to the Secretary of the Treasury that he has all necessary power and authority to act for each member and to bind the members jointly and severally. In addition to whatever other data may be required by the Secretary of the Treasury, in the case of a syndicate, the representative must file, within one hour after the time for opening of bids, at the place specified in the public notice for receipt of bids a final statement of the composition of the syndicate membership and the amount of each member's underwriting participation.

### § 340.7 Deposits—retention—return.

Each bid must be accompanied by a deposit in the amount specified in the public notice. The deposit of any successful bidder will be retained as security for the performance of his obligation and will be applied toward payment of the bonds. All other deposits will be returned immediately. No interest will be allowed on account of any deposits.

### § 340.8 Acceptance of bids.

(a) *Opening of bids.* Bids will be opened at the time and place specified in the public notice.

### 31 CFR Ch. II (7-1-02 Edition)

(b) *Method of determining accepted bids.* The lowest basis cost of money<sup>2</sup> computed from the date of the bonds to the date of maturity will be used in determining successful bids.

(c) *Acceptance of successful bid.* The Secretary of the Treasury, or his representative, will notify any successful bidder of acceptance in the manner and form specified in the public notice.

### § 340.9 Bids—revocations—rejections—postponements—reoffers.

The Secretary of the Treasury, in his discretion, may (a) revoke the public notice of invitation to bid at any time before opening bids, (b) return all bids unopened either at or prior to the time specified for their opening, (c) reject any or all bids, (d) postpone the time for presentation and opening of bids, and (e) waive any immaterial or obvious defect in any bid. Any action the Secretary of the Treasury may take in these respects shall be final. In the event of a postponement, known bidders will be advised thereof and their bids returned unopened.

### § 340.10 Payment for and delivery of bonds.

Payment for the bonds, including accrued interest, if any, must be made in immediately available funds on the date and at the place specified in the invitation. Delivery of bonds under this section will be made at the risk and expense of the United States at such place or places in the United States as may be provided in the invitation. Interim receipts, if necessary, will be issued pending delivery of the definitive bonds.

### § 340.11 Failure to complete transaction.

If any successful bidder shall fail to pay in full for the bonds on the date

<sup>2</sup>In cases where bidders are required to specify the coupon rate, the lowest basis cost of money will be determined by reference to a specially prepared table of bond yields, a copy of which will be made available to all prospective bidders upon written request to the Federal Reserve Bank of New York, or the Bureau of the Public Debt, Treasury Department, Washington, DC 20220. Straightline interpolation will be applied if necessary.

## Fiscal Service, Treasury

## § 341.1

and at the place specified in the invitation, the money deposited by or in behalf of such bidder shall be forfeited to the Treasury Department.

### § 340.12 Reservations as to terms of circular.

The Secretary of the Treasury reserves the right, at any time, or from time to time, to amend, repeal, supplement, revise or withdraw all or any of the provisions of this part.

## PART 341—REGULATIONS GOVERNING UNITED STATES RETIREMENT PLAN BONDS

Sec.

- 341.0 Offering of bonds.
- 341.1 Description of bonds.
- 341.2 Registration.
- 341.3 Purchase of bonds.
- 341.4 Proof of purchase.
- 341.5 Limitation on holdings.
- 341.6 Nontransferability.
- 341.7 Judicial proceedings.
- 341.8 Payment or redemption during lifetime of owner.
- 341.9 Payment or redemption after death of owner.
- 341.10 Reissue.
- 341.11 Use of power of attorney.
- 341.12 Lost, stolen, or destroyed bonds.
- 341.13 Taxation.
- 341.14 Certifying officers.
- 341.15 General provisions.

### APPENDIX TO PART 341—TABLES OF REDEMPTION VALUES

AUTHORITY: Sec. 8, 50 Stat. 481, as amended; R.S. 3706; secs. 1, 4, 18, 40 Stat. 288, as amended, 290, as amended, 1309, as amended; secs. 19, 20, 48 Stat. 343, as amended; 31 U.S.C. 738a, 739, 752, 752a, 753, 754a, 754b.

SOURCE: 28 FR 405, Jan. 16, 1963, unless otherwise noted.

### § 341.0 Offering of bonds.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to the Self-Employed Individuals Tax Retirement Act of 1962, offers for sale, effective as of January 1, 1963, bonds of the United States, designated as United States Retirement Plan Bonds. The bonds will be available for investment only to:

- (a) Bond purchase plans and
- (b) Pension and profit-sharing plans, as described in sections 405 and 401, re-

spectively, of the Internal Revenue Code of 1954.

This offering of bonds will terminate on April 30, 1982.

[28 FR 405, Jan. 16, 1963, as amended at 47 FR 18596, Apr. 30, 1982]

### § 341.1 Description of bonds.

(a) *Investment yield (interest)*. United States Retirement Plan Bonds, hereinafter sometimes referred to as Retirement Plan Bonds, will be issued at par. The investment yields (interest) are as follows:

(1) Bonds with issue dates of January 1, 1963, through May 1, 1966—3.75 percent per annum, compounded semi-annually (see Table of Redemption Values in the appendix).

(2) Bonds with issue dates of June 1, 1966, through December 1, 1969—4.15 percent per annum, compounded semi-annually (see Table A in the appendix).

(3) Bonds with issue dates of January 1, 1970, through January 1, 1974—5 percent per annum, compounded semi-annually (see Table B).

(4) Bonds with issue dates of February 1, 1974, through July 1, 1979—6 percent per annum, compounded semi-annually (see Table C).

(5) Bonds with issue dates of August 1, 1979, through October 1, 1980—6.5 percent per annum, compounded semi-annually (see Table D).

(6) Bonds with issue dates of November 1, 1980, through September 1, 1981—8 percent per annum, compounded semiannually (see Table E).

(7) Bonds with issue dates of October 1, 1981, or thereafter—9 percent per annum, compounded semiannually (see Table F).

Interest will be paid only upon redemption of the bonds. The accrual of interest will continue until the bonds are redeemed or have reached maturity, whichever is earlier, in accordance with these regulations.

(b) *Term*. The maturity date of any bond issued under this circular shall be indeterminate, but unless sooner redeemed in accordance with the regulations in this part, its investment yield will cease on the interest accrual date coinciding with, or, where no such coincidence occurs, the interest accrual date next preceding, the first day of the sixtieth (60th) month following the

### § 341.2

date of death of the person in whose name it is registered.

(c) *Denominations—issue date.* Retirement Plan Bonds will be available only in registered form and in denominations of \$50, \$100, \$500, and \$1,000. At the time of issue, the issuing agent will enter in the upper right-hand portion of the bond the issue date (which shall be the first day of the month and year in which payment of the purchase price is received by an authorized issuing agent), and will imprint the agent's validating stamp in the lower right-hand portion. The issue date, as distinguished from the date in the agent's validating stamp, will determine the date from which interest will begin to accrue on the bond. A Retirement Plan Bond shall be valid only if an authorized issuing agent receives payment therefor, duly inscribes, dates, stamps, and delivers it.

[28 FR 405, Jan. 16, 1963, as amended at 46 FR 60573, Dec. 11, 1981]

### § 341.2 Registration.

(a) *General.* The registration of Retirement Plan Bonds is limited to the names of natural persons in their own right, whether adults or minors, in either single ownership or beneficiary form. A bond registered in beneficiary form will be inscribed substantially as follows (for example): "John A. Doe payable on death to (or P.O.D.) Richard B. Roe." No more than one beneficiary may be designated on a bond.

(b) *Inscription.* The inscription on the face of each bond will show the name, address, date of birth, and the social security account number of the registered owner, as well as information as to whether he is a self-employed individual or an employee, and the amount he contributed (if any) out of his own funds toward the purchase price of the bond. In the case of any self-employed individual (who is treated as an employee for the purpose of sections 405 and 401 of the Internal Revenue Code of 1954), this amount would be that portion of the purchase price he contributed (if any) as an employee and which he will not take into account in determining the amount deductible for Federal income tax purposes. The name of the beneficiary, if

### 31 CFR Ch. II (7-1-02 Edition)

one is to be designated, will also be shown in the inscription.

### § 341.3 Purchase of bonds.

(a) *Agencies.* Retirement Plan Bonds may be purchased over-the-counter or by mail from Federal Reserve Banks and Branches and the Bureau of the Public Debt, Washington, DC 20226. Customers of commercial banks and trust companies may be able to arrange for the purchase of the bonds through such institutions, but only the Federal Reserve Banks and Branches and the Bureau of the Public Debt are authorized to act as official agencies, and the date of receipt of the application and payment by an official agency will govern the dating of the bonds issued.

(b) *Application.* Applications for the purchase of Retirement Plan Bonds should be made on Form PD 3550, accompanied by a remittance to cover the purchase price. Personal checks will be accepted, subject to collection. Checks or other forms of exchange, should be drawn to the Federal Reserve Bank or United States Treasury, as the case may be. Checks payable by endorsement are not acceptable.

(c) *Delivery.* Delivery of bonds will be made in person, or by mail at the risk and expense of the United States, at the address given by the purchaser, but only within the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. No mail deliveries elsewhere will be made. If the registered owner temporarily resides abroad, the bonds will be delivered to such address in the United States as the purchaser directs.

### § 341.4 Proof of purchase.

At the time a Retirement Plan Bond is issued, the issuing agent will furnish therewith to the purchaser, and in cases where the purchaser is different from the person in whose name the bond is inscribed, to the registered owner as well, proof of the purchase on Form PD 3550. The form will show the names and addresses of the purchaser and of the registered owner, the latter's date of birth, social security account number and his classification (i.e., self-employed individual or employee) the number of bonds issued, a

## Fiscal Service, Treasury

## § 341.8

description thereof by issue date, serial numbers, denominations, and registration, together with information as to the amount of his contributions (if any) toward the purchase price of the bonds.

### § 341.5 Limitation on holdings.

The limit on the amount of any Retirement Plan Bonds issued during 1974, or in any one calendar year thereafter, that may be purchased in the name of any one person as registered owner is \$10,000 (face value).

[39 FR 36114, Oct. 8, 1974]

### § 341.6 Nontransferability.

United States Retirement Plan Bonds are not transferable, and may not be sold, discounted or pledged as collateral for a loan or as security for the performance of an obligation, or for any other purpose.

### § 341.7 Judicial proceedings.

No judicial determinations will be recognized which would give effect to an attempted voluntary transfer inter vivos of a Retirement Plan Bond. Otherwise, a claim against a registered owner will be recognized when established by valid judicial proceedings, but in no case will payment be made to the purchaser at a sale under a levy or to the officer authorized to levy upon the property of the owner under appropriate process to satisfy a money judgement unless or until the bond has become eligible for redemption pursuant to the regulations in this part. Neither the Treasury Department nor any of its agencies will accept notices of adverse claims or of pending judicial proceedings or undertake to protect the interests of litigants who do not have possession of the bond.

### § 341.8 Payment or redemption during lifetime of owner.

(a) *At age 59½ or thereafter.* A Retirement Plan Bond will be redeemable at its current redemption value upon the request of the registered owner (or a person recognized as entitled to act on his behalf), provided he is 59½ years of age or older. The owner's age will be determined from the date of birth shown on the face of the bond, pro-

vided, however, that the Secretary of the Treasury reserves the right in any case or class of cases to require proof, in the form of a duly certified copy of his birth certificate, that the owner has attained the age of 59½ years. If such evidence is unavailable, one of the following documents may be furnished in lieu thereof:

- (1) Church records of birth or baptism.
- (2) Hospital birth record or certificate.
- (3) Physician's or midwife's birth record.
- (4) Certification of Bible or other family record.
- (5) Military, naturalization or immigration records.
- (6) Other evidence of probative value. Similar documentary evidence will also be required to support any claim made by an owner that the date of birth shown on his bond is incorrect.

(b) *Prior to age 59½ years.* A Retirement Plan Bond will be paid at its then current redemption value upon a registered owner's request (or by a person recognized as entitled to act on his behalf) prior to his attainment of age 59½ years upon submission of a physician's statement or any similar evidence showing that the owner has become disabled to such an extent that he is unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. The following are examples of impairments which would ordinarily be considered as preventing substantial, gainful activity:

- (1) Loss of use of two limbs.
- (2) Certain progressive diseases which have resulted in the physical loss or atrophy of a limb, such as diabetes, multiple sclerosis, or Buerger's disease.
- (3) Diseases of the heart, lungs, or blood vessels which have resulted in major loss of heart or lung reserve as evidenced by X-ray, electrocardiogram, or other objective findings, so that despite medical treatment breathlessness, pain, or fatigue is produced on slight exertion, such as walking several blocks, using public transportation, or doing small chores.

### § 341.8

(4) Cancer which is inoperable and progressive.

(5) Damage to the brain or brain abnormality which has resulted in severe loss of judgment, intellect, orientation, or memory.

(6) Mental diseases (e.g., psychosis or severe psychoneurosis) requiring continued institutionalization or constant supervision of the individual.

(7) Loss or diminution of vision to the extent that the affected individual has a central visual acuity of no better than 20/200 in the better eye after best correction, or has a limitation in the fields of vision such that the widest diameter of the visual fields subtends an angle no greater than 20 degrees.

(8) Permanent and total loss of speech.

(9) Total deafness uncorrectible by a hearing aid.

In any case coming under the provisions of this paragraph, the evidence referred to above must be submitted to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101, for approval before any bonds may be paid. If, after review of the evidence, the Secretary of the Treasury is satisfied that the owner's disability has been established, a letter will be furnished authorizing payment of his Retirement Plan Bonds. This letter must be presented each time any of the owner's bonds are submitted for payment to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt.

(c) *Requests for payment*—(1) *By owner*. When redemption of any Retirement Plan Bond is desired by the registered owner under paragraph (a) of this section, it should be presented with the request for payment on the back of the bond signed and duly certified, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101. If payment is requested under paragraph (b) of this section, the letter described therein should accompany the bond.

(2) *By person other than owner*. When redemption of any Retirement Plan Bond is desired by the legal guardian, committee conservator, or similar rep-

### 31 CFR Ch. II (7-1-02 Edition)

resentative of the owner's estate under paragraph (a) of this section, it should be presented, with the request signed as described below, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt. If payment is requested under paragraph (b) of this section, the letter described therein should accompany the bond.<sup>1</sup> The request for payment, in either case, should be signed by the representative in his fiduciary capacity before an authorized certifying officer, and must be supported by a certificate or a certified copy of the letters of the appointment from the court making the appointment, under seal, or other proof of qualification if the appointment was not made by a court. Except in the case of corporate fiduciaries, such evidence should state that the appointment is in full force and should be dated not more than one year prior to the presentation of the bond for payment.

(d) *Partial redemption*. A Retirement Plan Bond in a denomination greater than \$50 (face value) which is otherwise eligible for redemption may be redeemed in part, at current redemption value, upon the request of the registered owner (or a person recognized as entitled to act on his behalf), but only in amounts corresponding to authorized denominations. In any case in which partial redemption is desired, before the request for payment is signed, the phrase "to the extent of \$\_\_\_\_ (face value) and reissue of the remainder" should be appended to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date. No partial redemption of a bond will be made after the death of the owner in whose name it is registered.

[28 FR 405, Jan 16, 1963, as amended at 42 FR 21611, Apr. 28, 1977]

<sup>1</sup>In any case in which a legal representative has not been appointed for the estate of a registered owner who has attained the age of 59½ years, or who has become disabled, a person seeking payment of a bond on the owner's behalf should furnish a complete statement of the circumstances to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101. Appropriate instructions will then be furnished.



**§ 341.9 Payment or redemption after death of owner.**

(a) *Order of precedence where owner not survived by beneficiary.* If the registered owner of a Retirement Plan Bond dies before it has been presented and surrendered for payment, and there is no beneficiary shown thereon, or if the designated beneficiary predeceased the owner, the bond shall be paid in the following order of precedence:

(1) To the duly appointed executor or administrator of the estate of the owner, who should sign the request for payment on the back of the bond in his representative capacity before an authorized certifying officer, such request to be supported by a court certificate or a certified copy of his letters of appointment, under seal of the court, which should show that the appointment is in full force and effect, and be dated within six months of its presentation;

(2) If no legal representative of the deceased registered owner's estate has been or will be appointed, to the widow or widower of the owner;

(3) If none of the above, to the child or children of the owner and the descendants of deceased children by representation;

(4) If none of the above, to the parents of the owner, or the survivor of them;

(5) In none of the above, to other next-of-kin of the owner, as determined by the laws of the domicile of such owner at the time of his death. In any case coming under the provisions of this paragraph, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary, if any, will be required where he predeceased the owner. Payment of bonds under paragraph (a)(1) of this section will be made by a Federal Reserve Bank or Branch or by the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101. Payment of bonds under paragraphs (a)(2) to (5) of this section will be made upon receipt of applications on Form PD 3565, together with the bonds and supporting evidence, by the Bureau of the Public Debt.

(b) *Order of precedence where beneficiary survived owner.* If the registered owner of a Retirement Plan Bond dies before it has been presented and surrendered for payment, and the beneficiary shown thereon survived the owner, the bond shall be paid in the following order of precedence:

(1) To the designated beneficiary upon his presentation and surrender of the bond with the request for payment signed and duly certified, such payment to be made to the exclusion of any other person who may have been named beneficiary by the registered owner in a bond purchase plan, or under a pension or profit-sharing plan;

(2) If the designated beneficiary survived the registered owner but failed to present the bond for payment during his own lifetime, payment will be made in the order of precedence specified in paragraphs (a) (1) to (5) of this section to the legal representative, surviving spouse, children, parents, or next-of-kin of such beneficiary, and in the manner provided therein.

In any case coming under the provisions of this paragraph, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary will also be required where he survived the owner but failed to present the bond for payment during his own lifetime. Payment of a bond to a designated beneficiary will be made by Federal Reserve Bank or Branch or by the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101.

(c) *Ownership of redemption proceeds.* The orders of precedence set forth in paragraphs (a) and (b) of this section, except in case where redemption is made for the account of a registered owner, are for the Department's convenience in discharging its obligation on a Retirement Plan Bond. The discharge of the obligation in accordance therewith shall be final so far as the Department is concerned, but those provisions do not otherwise purport to determine ownership of the redemption proceeds of a bond.

[28 FR 405, Jan 16, 1963, as amended at 42 FR 21611, Apr. 28, 1977]

## § 341.10

### § 341.10 Reissue.

(a) *Addition or change of beneficiary.* A Retirement Plan Bond will be reissued to add a beneficiary in the case of a single ownership bond, or to eliminate or substitute a beneficiary in the case of a bond registered in beneficiary form upon the owner's request on Form PD 3564. No consent will be required to support any reissue transaction from a beneficiary whose name is to be removed from the registration of a Retirement Plan Bond. If the registered owner dies after the bond has been presented and surrendered for reissue, upon receipt of notice thereof by the agency to which the request for reissue was submitted, such request shall be treated as ineffective, provided the notice of death is received by the Federal Reserve Bank or Branch or the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC, 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101, to which the request was sent, in sufficient time to withhold delivery, by mail or otherwise, of the reissued bond.

(b) *Error in issue—change of name.* Reissue of a Retirement Plan Bond will be made where an error in issue has occurred, as well as in cases where the owner's name has been changed by marriage, divorce, annulment, order of court, or in any other legal manner, upon appropriate request supported by satisfactory evidence. Information as to the procedure to be followed in securing such reissue may be obtained from a Federal Reserve Bank or the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101.

[28 FR 405, Jan 16, 1963, as amended at 42 FR 21611, Apr. 28, 1977; 42 FR 57123, Nov. 1, 1977]

### § 341.11 Use of power of attorney.

No designation of an attorney, agent, or other representative to request payment or reissue on behalf of the owner, beneficiary, or other person entitled under § 341.9, other than as provided in the regulations in this part, will be recognized.

## 31 CFR Ch. II (7–1–02 Edition)

### § 341.12 Lost, stolen, or destroyed bonds.

If a Retirement Plan Bond is lost, stolen, or destroyed, a substitute may be issued upon identification of the bond and proof of its loss, theft, or destruction. A description of the bond by denomination, serial number, issue date and registration should be furnished at the time the report of loss, theft, or destruction is made. Such reports should be sent to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101. Full instructions for obtaining substitute bonds will then be given.

[28 FR 405, Jan 16, 1963, as amended at 42 FR 21611, Apr. 28, 1977]

### § 341.13 Taxation.

The tax treatment provided under section 405 of the Internal Revenue Code of 1954 shall apply to all Retirement Plan Bonds. The bonds are subject to estate, inheritance, or other excise taxes whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, municipality, or any local taxing authority. Inquiries concerning the application of any Federal tax of these bonds should be directed to the District Director of Internal Revenue of the taxpayer's district or to the Internal Revenue Service, Washington, DC 20224.

### § 341.14 Certifying officers.

Officers authorized to certify requests for payment or for any other transaction involving Retirement Plan Bonds include:

(a) *Post offices.* Any postmaster, acting postmaster, or inspector-in-charge, or other post office official or clerk designated for that purpose. A post office official or clerk, other than a postmaster, acting postmaster, or inspector-in-charge, should certify in the name of the postmaster or acting postmaster, followed by his own signature and official title. Signatures of these officers should be authenticated by a legible imprint of the post office dating stamp.

(b) *Banks and trust companies.* Any officer of a Federal Reserve Bank or Branch, or of a bank or trust company

chartered under the laws of the United States or those of any State, Commonwealth, or Territory of the United States, as well as any employees of such bank or trust company expressly authorized to act for that purpose, who should sign over the title "Designated Employee." Certifications by any of these officers or designated employees should be authenticated by either a legible imprint of the corporate seal, or, where the institution is an authorized issuing agent for United States Savings Bonds, Series E, by a legible imprint of its dating stamp.

(c) *Issuing agents of Series E savings bonds.* Any officer of a corporation or any other organization which is an authorized issuing agent for United States Savings Bonds, Series E. All certifications by such officers must be authenticated by a legible imprint of the issuing agent's dating stamp.

(d) *Foreign countries.* In a foreign country requests may be signed in the presence of and be certified by any United States diplomatic or consular representative, or the manager or other officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Treasury Department. If such an officer is not available, requests may be signed in the presence of and be certified by a notary or other officer authorized to administer oaths, but his official character and jurisdiction should be certified by a United States diplomatic or consular officer under seal of his office.

(e) *Special provisions.* The Commissioner of the Public Debt, the Chief of the Division of Securities Operations, or any Federal Reserve Bank or Branch is authorized to make special provision for certification in any particular case or class of cases where none of the officers authorized above is readily accessible.

#### § 341.15 General provisions.

(a) *Regulations.* All Retirement Plan Bonds shall be subject to the general regulations prescribed by the Secretary with respect to United States securities, which are set forth in Treasury

Department Circular No. 300, current revision, to the extent applicable. Copies of the general regulations may be obtained upon request from any Federal Reserve Bank or Branch or the Bureau of the Public Debt.

(b) *Reservation as to issue of bonds.* The Secretary of the Treasury reserves the right to reject any application for the purchase of Retirement Plan Bonds, in whole or in part, and to refuse to issue or permit to be issued any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

(c) *Additional requirements.* In any case or any class of cases arising under this part the Secretary of the Treasury may require such additional evidence as may in his judgment be necessary, and may require a bond of indemnity, with or without surety, where he may consider such bond necessary for the protection of the United States.

(d) *Waiver of requirements.* The Secretary of the Treasury reserves the right, in his discretion, to waive or modify any provision or provisions of this circular in any particular case or class of cases for the convenience of the United States, or in order to relieve any person or persons of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and he is satisfied that such action would not subject the United States to any substantial expense or liability.

(e) *Fiscal agents.* Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, reissue, and payment of Retirement Plan Bonds.

(f) *Reservation as to terms of circular.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this part, or any amendments or supplements thereto.

APPENDIX TO PART 341—TABLES OF REDEMPTION VALUES

TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 3¾ PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JANUARY 1, 1963

Table shows how the Retirement Plan Bonds bearing issue dates beginning January 1, 1963, by denomination, increase in redemption value during successive half-year periods following issue. The redemption values have been determined to provide an investment yield of 3.75 percent<sup>1</sup> per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b).<sup>2</sup>

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (Values increase on first day of period shown)			
	\$50.00	\$100.00	\$500.00	\$1,000.00
First ½ .....	\$50.00	\$100.00	\$500.00	\$1,000.00
½ to 1 .....	50.94	101.88	509.38	1,018.75
1 to 1½ .....	51.89	103.79	518.93	1,037.85
1½ to 2 .....	52.87	105.73	528.66	1,057.31
2 to 2½ .....	53.86	107.71	538.57	1,077.14
2½ to 3 .....	54.87	109.73	548.67	1,097.33
3 to 3½ .....	55.90	111.79	558.95	1,117.91
3½ to 4 .....	56.94	113.89	569.43	1,138.87
4 to 4½ .....	58.01	116.02	580.11	1,160.22
4½ to 5 .....	59.10	118.20	590.99	1,181.98
5 to 5½ .....	60.21	120.41	602.07	1,204.14
5½ to 6 .....	61.34	122.67	613.36	1,226.72
6 to 6½ .....	62.49	124.97	624.86	1,249.72
6½ to 7 .....	63.66	127.31	636.57	1,273.15
7 to 7½ .....	64.85	129.70	648.51	1,297.02
7½ to 8 .....	66.07	132.13	660.67	1,321.34
8 to 8½ .....	67.31	134.61	673.06	1,346.11
8½ to 9 .....	68.57	137.14	685.68	1,371.35
9 to 9½ .....	69.85	139.71	698.53	1,397.07
9½ to 10 .....	71.16	142.33	711.63	1,423.26
10 to 10½ .....	72.50	144.99	724.97	1,449.95
10½ to 11 .....	73.86	147.71	738.57	1,477.13
11 to 11½ .....	75.24	150.48	752.42	1,504.83
11½ to 12 .....	76.65	153.30	766.52	1,533.05
12 to 12½ .....	78.09	156.18	780.90	1,561.79
12½ to 13 .....	79.55	159.11	795.54	1,591.07
13 to 13½ .....	81.05	162.09	810.45	1,620.91
13½ to 14 .....	82.56	165.13	825.65	1,651.30
14 to 14½ .....	84.11	168.23	841.13	1,682.26
14½ to 15 .....	85.69	171.38	856.90	1,713.80
15 to 15½ .....	87.30	174.59	872.97	1,745.94
15½ to 16 .....	88.93	177.87	889.34	1,778.67
16 to 16½ .....	90.60	181.20	906.01	1,812.02
16½ to 17 .....	92.30	184.60	923.00	1,846.00
17 to 17½ .....	94.03	188.06	940.31	1,880.61
17½ to 18 .....	95.79	191.59	957.94	1,915.87
18 to 18½ .....	97.59	195.18	975.90	1,951.80
18½ to 19 .....	99.42	198.84	994.20	1,988.39
19 to 19½ .....	101.28	202.57	1,012.84	2,025.67
19½ to 20 .....	103.18	206.37	1,031.83	2,063.66
20 to 20½ .....	105.12	210.23	1,051.17	2,102.35

<sup>1</sup> Based on redemption values of \$1,000 bond.

<sup>2</sup> At a future date prior to January 1, 1983 (20 years after issue date of the first bonds) this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

TABLE A—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 4.15 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JUNE 1, 1966

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning June 1, 1966. The redemption values have been determined to provide an investment yield of approximately 4.15 percent<sup>1</sup> per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b) of this circular.<sup>2</sup>

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50	\$100	\$500	\$1,000
First ½ .....	\$0.00	\$100.00	\$500.00	\$1,000.00
½ to 1 .....	51.04	102.08	510.38	1,020.75
1 to 1½ .....	52.10	104.19	520.97	1,041.93
1½ to 2 .....	53.18	106.36	531.78	1,063.55
2 to 2½ .....	54.28	108.56	542.81	1,085.62
2½ to 3 .....	55.41	110.81	554.07	1,108.15
3 to 3½ .....	56.56	113.11	565.57	1,131.14
3½ to 4 .....	57.73	115.46	577.31	1,154.61
4 to 4½ .....	58.93	117.86	589.28	1,178.57
4½ to 5 .....	60.15	120.30	601.51	1,203.02
5 to 5½ .....	61.40	122.80	613.99	1,227.99
5½ to 6 .....	62.67	125.35	626.73	1,253.47
6 to 6½ .....	63.97	127.95	639.74	1,279.48
6½ to 7 .....	65.30	130.60	653.01	1,306.03
7 to 7½ .....	66.66	133.31	666.56	1,333.13
7½ to 8 .....	68.04	136.08	680.39	1,360.73
8 to 8½ .....	69.45	138.90	694.51	1,389.09
8½ to 9 .....	70.89	141.78	708.92	1,417.85
9 to 9½ .....	72.36	144.73	723.63	1,447.27
9½ to 10 .....	73.86	147.73	738.65	1,477.30
10 to 10½ .....	75.40	150.80	753.98	1,507.95
10½ to 11 .....	76.96	153.92	769.62	1,539.24
11 to 11½ .....	78.56	157.12	785.59	1,571.18
11½ to 12 .....	80.19	160.38	801.89	1,603.78
12 to 12½ .....	81.85	163.71	818.53	1,637.06
12½ to 13 .....	83.55	167.10	835.52	1,671.03
13 to 13½ .....	85.29	170.57	852.85	1,705.71
13½ to 14 .....	87.05	174.11	870.55	1,741.10
14 to 14½ .....	88.86	177.72	888.61	1,777.23
14½ to 15 .....	90.71	181.41	907.05	1,814.10
15 to 15½ .....	92.59	185.17	925.87	1,851.75
15½ to 16 .....	94.51	189.02	945.09	1,890.17
16 to 16½ .....	96.47	192.94	964.70	1,929.39
16½ to 17 .....	98.47	196.94	984.71	1,969.43
17 to 17½ .....	100.51	201.03	1,005.15	2,010.29
17½ to 18 .....	102.60	205.20	1,026.00	2,052.01
18 to 18½ .....	104.73	209.46	1,047.29	2,094.58
18½ to 19 .....	106.90	213.80	1,069.02	2,138.05
19 to 19½ .....	109.12	218.24	1,091.21	2,182.41
19½ to 20 .....	111.38	222.77	1,113.85	2,227.70
20 to 20½ <sup>2</sup> .....	113.70	227.39	1,136.96	2,273.92

<sup>1</sup> Based on redemption values of \$1,000 bond.

<sup>2</sup> At a future date prior to June 1, 1986 (20 years after issue date of the first bonds), this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

Fiscal Service, Treasury

Pt. 341, App.

TABLE B—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 5.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JANUARY 1, 1970

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning January 1, 1970. The redemption values have been determined to provide an investment yield of approximately 5.00 percent<sup>1</sup> per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of §341.1(b) of this circular.<sup>2</sup>

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50	\$100	\$500	\$1,000
First ½	\$50.00	\$100.00	\$500.00	\$1,000.00
½ to 1	51.25	102.50	512.50	1,025.00
1 to 1½	52.53	105.06	525.31	1,050.62
1½ to 2	53.84	107.69	538.45	1,076.89
2 to 2½	55.19	110.38	551.91	1,103.81
2½ to 3	56.57	113.14	565.70	1,131.41
3 to 3½	57.98	115.97	579.85	1,159.69
3½ to 4	59.43	118.87	594.34	1,188.69
4 to 4½	60.92	121.84	609.20	1,218.40
4½ to 5	62.44	124.89	624.43	1,248.86
5 to 5½	64.00	128.01	640.04	1,280.08
5½ to 6	65.60	131.21	656.04	1,312.09
6 to 6½	67.24	134.49	672.44	1,344.89
6½ to 7	68.93	137.85	689.26	1,378.51
7 to 7½	70.65	141.30	706.49	1,412.97
7½ to 8	72.42	144.83	724.15	1,448.30
8 to 8½	74.22	148.45	742.25	1,484.51
8½ to 9	76.08	152.16	760.81	1,521.62
9 to 9½	77.98	155.97	779.83	1,559.66
9½ to 10	79.93	159.86	799.33	1,598.65
10 to 10½	81.93	163.86	819.31	1,638.62
10½ to 11	83.98	167.96	839.79	1,679.58
11 to 11½	86.08	172.16	860.79	1,721.57
11½ to 12	88.23	176.46	882.31	1,764.61
12 to 12½	90.44	180.87	904.36	1,808.73
12½ to 13	92.70	185.39	926.97	1,853.94
13 to 13½	95.02	190.03	950.15	1,900.29
13½ to 14	97.39	194.78	973.90	1,947.80
14 to 14½	99.82	199.65	998.25	1,996.50
14½ to 15	102.32	204.64	1,023.20	2,046.41
15 to 15½	104.88	209.76	1,048.78	2,097.57
15½ to 16	107.50	215.00	1,075.00	2,150.01
16 to 16½	110.19	220.38	1,101.88	2,203.76
16½ to 17	112.94	225.88	1,129.43	2,258.85
17 to 17½	115.77	231.53	1,157.66	2,315.32
17½ to 18	118.66	237.32	1,186.60	2,373.21
18 to 18½	121.63	243.25	1,216.27	2,432.54
18½ to 19	124.67	249.34	1,246.67	2,493.35
19 to 19½	127.78	255.57	1,277.84	2,555.68
19½ to 20	130.98	261.96	1,309.79	2,619.57
20 to 20½	134.25	268.51	1,342.53	2,685.06

<sup>1</sup>Based on redemption values of \$1,000 bond.  
<sup>2</sup>At a future date prior to January 1, 1990 (20 years after issue date of the first bonds) this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

TABLE C—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING FEBRUARY 1, 1974

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning February 1, 1974. The redemption values have been determined to provide an investment yield of approximately 6 percent<sup>1</sup> per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of §341.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50.00	\$100.00	\$500.00	\$1,000.00
First ½	\$50.00	\$100.00	\$500.00	\$1,000.00
½ to 1	51.50	103.00	515.00	1,030.00
1 to 1½	53.05	106.10	530.50	1,061.00
1½ to 2	54.64	109.28	546.40	1,092.80
2 to 2½	56.28	112.56	562.80	1,125.60
2½ to 3	57.96	115.92	579.60	1,159.20
3 to 3½	59.70	119.40	597.00	1,194.00
3½ to 4	61.49	122.98	614.90	1,229.80
4 to 4½	63.34	126.68	633.40	1,266.80
4½ to 5	65.24	130.48	652.40	1,304.80
5 to 5½	67.20	134.40	672.00	1,344.00
5½ to 6	69.21	138.42	692.10	1,384.20
6 to 6½	71.29	142.58	712.90	1,425.80
6½ to 7	73.43	146.86	734.30	1,468.60
7 to 7½	75.63	151.26	756.30	1,512.60
7½ to 8	77.90	155.80	779.00	1,558.00
8 to 8½	80.24	160.48	802.40	1,604.80
8½ to 9	82.64	165.28	826.40	1,652.80
9 to 9½	85.12	170.24	851.20	1,702.40
9½ to 10	87.68	175.36	876.80	1,753.60
10 to 10½	90.31	180.62	903.10	1,806.20
10½ to 11	93.01	186.02	930.10	1,860.20
11 to 11½	95.81	191.62	958.10	1,916.20
11½ to 12	98.68	197.36	986.80	1,973.60
12 to 12½	101.64	203.28	1,016.40	2,032.80
12½ to 13	104.69	209.38	1,046.90	2,093.80
13 to 13½	107.83	215.66	1,078.30	2,156.60
13½ to 14	111.06	222.12	1,110.60	2,221.20
14 to 14½	114.40	228.80	1,144.00	2,288.00
14½ to 15	117.83	235.66	1,178.30	2,356.60
15 to 15½	121.36	242.72	1,213.60	2,427.20
15½ to 16	125.00	250.00	1,250.00	2,500.00
16 to 16½	128.75	257.50	1,287.50	2,575.00
16½ to 17	132.62	265.24	1,326.20	2,652.40
17 to 17½	136.60	273.20	1,366.00	2,732.00
17½ to 18	140.69	281.38	1,406.90	2,813.80
18 to 18½	144.91	289.82	1,449.10	2,898.20
18½ to 19	149.26	298.52	1,492.60	2,985.20
19 to 19½	153.74	307.48	1,537.40	3,074.80
19½ to 20	158.35	316.70	1,583.50	3,167.00
20 to 20½	163.10	326.20	1,631.00	3,262.00

<sup>1</sup>Based on redemption values of \$1,000 bond.

**TABLE D—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6.50 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING AUG. 1, 1979**

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning August 1, 1979. The redemption values have been determined to provide an investment yield of approximately 6.50 percent<sup>1</sup> per annum, compounded semi-annually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of §341.1(b) of this circular.<sup>2</sup>

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50	\$100	\$500	\$1,000
First ½ .....	\$50.00	\$100.00	\$500.00	\$1,000.00
½ to 1 .....	51.62	103.24	516.20	1,032.40
1 to 1½ .....	53.30	106.60	533.00	1,066.00
1½ to 2 .....	55.04	110.08	550.40	1,100.80
2 to 2½ .....	56.82	113.64	568.20	1,136.40
2½ to 3 .....	58.68	117.36	586.80	1,173.60
3 to 3½ .....	60.58	121.16	605.80	1,211.60
3½ to 4 .....	62.54	125.08	625.40	1,250.80
4 to 4½ .....	64.58	129.16	645.80	1,291.60
4½ to 5 .....	66.68	133.36	666.80	1,333.60
5 to 5½ .....	68.84	137.68	688.40	1,376.80
5½ to 6 .....	71.08	142.16	710.80	1,421.60
6 to 6½ .....	73.40	146.80	734.00	1,468.00
6½ to 7 .....	75.78	151.56	757.80	1,515.60
7 to 7½ .....	78.24	156.48	782.40	1,564.80
7½ to 8 .....	80.78	161.56	807.80	1,615.60
8 to 8½ .....	83.40	166.80	834.00	1,668.00
8½ to 9 .....	86.12	172.24	861.20	1,722.40
9 to 9½ .....	88.92	177.84	889.20	1,778.40
9½ to 10 .....	91.80	183.60	918.00	1,836.00
10 to 10½ .....	94.80	189.60	948.00	1,896.00
10½ to 11 .....	97.88	195.76	978.80	1,957.60
11 to 11½ .....	101.06	202.12	1,010.60	2,021.20
11½ to 12 .....	104.34	208.68	1,043.40	2,086.80
12 to 12½ .....	107.72	215.44	1,077.20	2,154.40
12½ to 13 .....	111.22	222.44	1,112.20	2,224.40
13 to 13½ .....	114.84	229.68	1,148.40	2,296.80
13½ to 14 .....	118.58	237.16	1,185.80	2,371.60
14 to 14½ .....	122.44	244.88	1,224.40	2,448.80
14½ to 15 .....	126.42	252.84	1,264.20	2,528.40
15 to 15½ .....	130.52	261.04	1,305.20	2,610.40
15½ to 16 .....	134.76	269.52	1,347.60	2,695.20
16 to 16½ .....	139.14	278.28	1,391.40	2,782.80
16½ to 17 .....	143.66	287.32	1,436.60	2,873.20
17 to 17½ .....	148.34	296.68	1,483.40	2,966.80
17½ to 18 .....	153.16	306.32	1,531.60	3,063.20
18 to 18½ .....	158.12	316.24	1,581.20	3,162.40
18½ to 19 .....	163.26	326.52	1,632.60	3,265.20
19 to 19½ .....	168.58	337.16	1,685.80	3,371.60
19½ to 20 .....	174.06	348.12	1,740.60	3,481.20
20 to 20½ .....	179.72	359.44	1,797.20	3,594.40

<sup>1</sup> Based on redemption values of \$1,000 bond.

<sup>2</sup> At a future date prior to Aug. 1, 1999 (20 years after issue date of the first bonds) this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

**TABLE E—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 8.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1980**

NOTE: This table shows how Retirement Plan Bonds bearing issue dates beginning November 1, 1980, by denomination, increase in redemption value during successive half-year periods following issue. The redemption values have been determined to provide an investment yield of 8.00 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of §341.1(b).

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50.00	\$100.00	\$500.00	\$1,000.00
First half year ..	\$50.00	\$100.00	\$500.00	\$1,000.00
.5 to 1.0 .....	52.00	104.00	520.00	1,040.00
1.0 to 1.5 .....	54.08	108.16	540.80	1,081.60
1.5 to 2.0 .....	56.24	112.48	562.40	1,124.80
2.0 to 2.5 .....	58.50	117.00	585.00	1,170.00
2.5 to 3.0 .....	60.84	121.68	608.40	1,216.80
3.0 to 3.5 .....	63.26	126.52	632.60	1,265.20
3.5 to 4.0 .....	65.80	131.60	658.00	1,316.00
4.0 to 4.5 .....	68.42	136.84	684.20	1,368.40
4.5 to 5.0 .....	71.16	141.32	711.60	1,423.20
5.0 to 5.5 .....	74.02	148.04	740.20	1,480.40
5.5 to 6.0 .....	76.98	153.96	769.80	1,539.60
6.0 to 6.5 .....	80.06	160.12	800.60	1,601.20
6.5 to 7.0 .....	83.26	166.52	832.60	1,665.20
7.0 to 7.5 .....	86.58	173.16	865.80	1,731.60
7.5 to 8.0 .....	90.04	180.08	900.40	1,800.80
8.0 to 8.5 .....	93.64	187.28	936.40	1,872.80
8.5 to 9.0 .....	97.40	194.80	974.00	1,948.00
9.0 to 9.5 .....	101.30	202.60	1,013.00	2,026.00
9.5 to 10.0 .....	105.34	210.68	1,053.40	2,106.80
10.0 to 10.5 .....	109.56	219.12	1,095.60	2,191.20
10.5 to 11.0 .....	113.94	227.88	1,139.40	2,278.80
11.0 to 11.5 .....	118.50	237.00	1,185.00	2,370.00
11.5 to 12.0 .....	123.24	246.48	1,232.40	2,464.80
12.0 to 12.5 .....	128.16	256.32	1,281.60	2,563.20
12.5 to 13.0 .....	133.30	266.60	1,333.00	2,666.00
13.0 to 13.5 .....	138.62	277.24	1,386.20	2,772.40
13.5 to 14.0 .....	144.16	288.32	1,441.60	2,883.20
14.0 to 14.5 .....	149.94	299.88	1,499.40	2,998.80
14.5 to 15.0 .....	155.94	311.88	1,559.40	3,118.80
15.0 to 15.5 .....	162.16	324.32	1,621.60	3,243.20
15.5 to 16.0 .....	168.66	337.32	1,686.60	3,373.20
16.0 to 16.5 .....	175.40	350.80	1,754.00	3,508.00
16.5 to 17.0 .....	182.42	364.84	1,824.20	3,648.40
17.0 to 17.5 .....	189.72	379.44	1,897.20	3,794.40
17.5 to 18.0 .....	197.30	394.60	1,973.00	3,946.00
18.0 to 18.5 .....	205.20	410.40	2,052.00	4,104.00
18.5 to 19.0 .....	213.40	426.80	2,134.00	4,268.00
19.0 to 19.5 .....	221.94	443.88	2,219.40	4,438.80
19.5 to 20.0 .....	230.82	461.64	2,308.20	4,616.40
20.0 to 20.5 .....	240.06	480.12	2,400.60	4,801.20

**Fiscal Service, Treasury**

**§ 342.2**

**TABLE F—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 9.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING OCTOBER 1, 1981**

NOTE: This table shows how Retirement Plan Bonds bearing issue dates beginning October 1, 1981, by denomination, increase in redemption value during successive half-year periods following issue. The redemption values have been determined to provide an investment yield of 9.00 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b).

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50.00	\$100.00	\$500.00	\$1,000.00
First half year ..	\$50.00	\$100.00	\$500.00	\$1,000.00
.5 to 1.0 .....	52.24	104.48	522.40	1,044.80
1.0 to 1.5 .....	54.60	109.20	546.00	1,092.00
1.5 to 2.0 .....	57.06	114.12	570.60	1,141.20
2.0 to 2.5 .....	59.62	119.24	596.20	1,192.40
2.5 to 3.0 .....	62.30	124.60	623.00	1,246.00
3.0 to 3.5 .....	65.12	130.24	651.20	1,302.40
3.5 to 4.0 .....	68.04	136.08	680.40	1,360.80
4.0 to 4.5 .....	71.10	142.20	711.00	1,422.00
4.5 to 5.0 .....	74.30	148.60	743.00	1,486.00
5.0 to 5.5 .....	77.64	155.28	776.40	1,552.80
5.5 to 6.0 .....	81.14	162.28	811.40	1,622.80
6.0 to 6.5 .....	84.80	169.60	848.00	1,696.00
6.5 to 7.0 .....	88.60	177.20	886.00	1,772.00
7.0 to 7.5 .....	92.60	185.20	926.00	1,852.00
7.5 to 8.0 .....	96.76	193.52	967.60	1,935.20
8.0 to 8.5 .....	101.12	202.24	1,011.20	2,022.40
8.5 to 9.0 .....	105.66	211.32	1,056.60	2,113.20
9.0 to 9.5 .....	110.42	220.84	1,104.20	2,208.40
9.5 to 10.0 .....	115.40	230.80	1,154.00	2,308.00
10.0 to 10.5 .....	120.58	241.16	1,205.80	2,411.60
10.5 to 11.0 .....	126.02	252.04	1,260.20	2,520.40
11.0 to 11.5 .....	131.68	263.36	1,316.80	2,633.60
11.5 to 12.0 .....	137.60	275.20	1,376.00	2,752.00
12.0 to 12.5 .....	143.80	287.60	1,438.00	2,876.00
12.5 to 13.0 .....	150.28	300.56	1,502.80	3,005.60
13.0 to 13.5 .....	157.04	314.08	1,570.40	3,140.80
13.5 to 14.0 .....	164.10	328.20	1,641.00	3,282.00
14.0 to 14.5 .....	171.48	342.96	1,714.80	3,429.60
14.5 to 15.0 .....	179.20	358.40	1,792.00	3,584.00
15.0 to 15.5 .....	187.26	374.52	1,872.60	3,745.20
15.5 to 16.0 .....	195.70	391.40	1,957.00	3,914.00
16.0 to 16.5 .....	204.50	409.00	2,045.00	4,090.00
16.5 to 17.0 .....	213.70	427.40	2,137.00	4,274.00
17.0 to 17.5 .....	223.32	446.64	2,233.20	4,466.40
17.5 to 18.0 .....	233.36	466.72	2,333.60	4,667.20
18.0 to 18.5 .....	243.86	487.72	2,438.60	4,877.20
18.5 to 19.0 .....	254.84	509.68	2,548.40	5,096.80
19.0 to 19.5 .....	266.32	532.64	2,663.20	5,326.40
19.5 to 20.0 .....	278.30	556.60	2,783.00	5,566.00
20.0 to 20.5 .....	290.82	581.64	2,908.20	5,816.40

[28 FR 405, Jan. 16, 1963, as amended at 31 FR 7625, May 27, 1966; 35 FR 224, Jan. 7, 1970; 39 FR 4661, Feb. 6, 1974; 45 FR 53393, Aug. 11, 1980; 46 FR 60573, Dec. 11, 1981]

**PART 342—OFFERING OF UNITED STATES SAVINGS NOTES**

Sec.  
342.0 Offering of notes.

- 342.1 Definition of words and terms used in this part.
- 342.2 Description of notes.
- 342.3 Extended terms and yields for outstanding notes.
- 342.4 Purchase—registration.
- 342.5 Limitations.
- 342.6 Taxation.
- 342.7 Payment or redemption.
- 342.8 Governing regulations.
- 342.9 Fiscal agents.
- 342.10 Reservations.

AUTHORITY: 31 U.S.C. 3103, 5 U.S.C. 301.

SOURCE: 57 FR 14282, Apr. 17, 1992, unless otherwise noted.

**§ 342.0 Offering of notes.**

The Secretary of the Treasury offered for sale to the people of the United States, United States Savings Notes (also known as “Freedom Shares”, and generally referred to herein as “savings notes” or “notes”). The notes could be purchased only in combination with Series E savings bonds of the same or greater denomination. This offering was effective from May 1, 1967 until the close of business October 31, 1970 when the sale of savings notes was terminated by the Secretary of the Treasury.

**§ 342.1 Definition of words and terms used in this part.**

(a) *Payroll savings plan* refers to a voluntary program maintained by an employer whereby its participating officers and employees authorize regular withholdings from their salaries or wages for the purchase of savings bonds.

(b) *Quarter* refers to a 3-month period of a year, as follows: January-February-March, April-May-June, July-August-September, or October-November-December.

**§ 342.2 Description of notes.**

(a) *General.* Savings notes were issued only in registered form and are non-transferable.

(b) *Term.* A savings note was dated as of the first day of the month in which payment of the purchase price was received by an issuing agent. A note had an original maturity period of 4 years and 6 months and has been granted two 10-year extensions of maturity and an additional extension of 5 years and 6 months with interest; it will reach

§ 342.3

final maturity 30 years from its issue date. A note cannot be called by the Secretary of the Treasury prior to maturity and was not redeemable during the first year from issue date. Thereafter, a note may be redeemed at the option and request of the owner.

(c) *Denominations and purchase prices.* Savings notes were issued on a discount basis. The denominations and purchase prices were as follows:

Denomination	Purchase price
\$25 .....	\$20.25
50 .....	40.50
75 .....	60.75
100 .....	81.00

Interest is paid as a part of the redemption value. A note increased in value one year after issue date and increases at the beginning of each half-year period thereafter until final maturity, at which time interest ceases to accrue. Interest on a note which is redeemed before maturity ceases to accrue at the end of the interest period next preceding the redemption date, except that if the note is redeemed on a date on which the redemption value increases, interest ceases to accrue on that date.

(d) *Inscription and issue.* At the time of issue, the authorized issuing agent:

- (1) Inscribed on the face of each note the name and address of the owner and the name of the beneficiary, if any, or the names of the coowner;
- (2) Entered the issue date in the right-hand portion of the note in the space provided for that purpose; and
- (3) Imprinted thereunder, by use of the agent's validation indicia for the issue of Series E savings bonds, the date the note was actually inscribed. A note is valid only if an authorized issuing agent received payment therefor and duly inscribed, dated, imprinted validation indicia on the note and delivered it.

**§ 342.3 Extended terms and yields for outstanding notes.**

(a) *Extended maturity periods.* The terms *extended maturity period* and *second extended maturity period* refer to the 10-year intervals after the original maturity dates during which owners may retain their savings notes and continue

to earn interest thereon. The term *third extended maturity period* refers to the final interval of 5 years and 6 months during which owners may retain notes and continue to earn interest until final maturity, which occurs 30 years after issue date. No special action is required of owners to take advantage of any extension heretofore or herein granted. The following table describes the previous and final maturities of savings notes:

Issue dates—1st day of	Previous maturities		Previous maturity dates—1st day of
	yrs.	mos.	
May 1967–Oct. 1970	24	6	Nov. 1991–Apr. 1995.

Issue dates—1st day of	Additional extended maturity period		Life of notes—yrs.
	yrs.	mos.	
May 1967–Oct. 1970 .....	5	6	30

Issue dates—1st day of	Final maturity dates—1st day of
May 1967–Oct. 1970 .....	May 1997–Oct. 2000

(b) *Guaranteed minimum investment yield—(1) General.* Except as provided in paragraph (b)(2) of this section, the guaranteed minimum investment yields for outstanding savings notes are as follows:

(i) For savings notes in extended maturity periods prior to November 1, 1982, the guaranteed minimum investment yield was 8.5 percent per annum, compounded semiannually, effective for the period from the first semi-annual interest accrual date on or after May 1, 1981, through their next extended maturity dates on or after November 1, 1982.

(ii) For savings notes that entered extended maturity periods during the period of November 1, 1982, through October 1, 1986, the guaranteed minimum investment yield was 7.5 percent per annum, compounded semiannually, for such periods, including notes that entered into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension	Entered—1st day of
May 1968–Oct. 1970	2nd .....	Nov. 1982–Apr. 1985.



(iii) For savings notes that entered into extended maturity periods during the period of November 1, 1986, through February 1, 1993, the guaranteed minimum investment yield is 6 percent per annum, compounded semiannually, for such periods, including notes that entered into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension	Entered—1st day of
May 1967–Aug. 1968.	3rd (final) .....	Nov. 1991–Feb. 1993.

(iv) For savings notes that entered or enter extended maturity periods on or after March 1, 1993, the guaranteed minimum investment yield is 4 percent per annum, compounded semiannually, for such periods, or the investment yield in effect at the beginning of such periods, including notes that enter into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension	Entered—1st day of
Sep. 1968–Oct. 1970.	3rd (final) .....	Mar. 1993–Apr. 1995.

(2) *Eleven-year bonus.* If a savings note was held for the 11-year period beginning with the first semiannual interest accrual date that occurred on or after January 1, 1980, its guaranteed minimum investment yield for such period was increased by one-half of one percent per annum, compounded semiannually.

(c) *Market-based variable investment yield.* In order to be eligible for the market-based variable investment yield, notes had to be held at least five years beginning with the first semiannual interest accrual date occurring on or after November 1, 1982. The market-based variable investment yield shall be determined by the Secretary of the Treasury as follows:

(1) For each 6-month period, starting with the period beginning May 1, 1982, the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period as determined. Such determination by the Secretary of the Treasury or his or her delegate shall be final and conclusive.

(2) For notes which entered an extended maturity period prior to May 1, 1989, the market-based variable investment yield from the first semiannual interest accrual date occurring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1987, will be 85 percent, rounded to the nearest one-fourth of one percent, of the arithmetic average of the market yield averages, as determined in accordance with paragraph (c)(1) of this section, for the appropriate number of 6-month periods involved, starting with the period beginning May 1, 1982.

(3) For notes which entered an extended maturity period on or after May 1, 1989, the market-based variable investment yield from the first semiannual interest accrual date occurring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1989, will be 85 percent, rounded to the nearest one-hundredth of one percent, of the arithmetic average of the market yield averages, as determined in accordance with paragraph (c)(1) of this section for the appropriate number of 6-month periods involved, starting with the period beginning May 1, 1982.

(d) *Determination of redemption values during any extended maturity period.* The redemption value of a note on a given interest accrual date during any extended maturity period will be the higher of the value produced by using the applicable guaranteed minimum investment yield or the value produced by using the appropriate market-based variable investment yield. The calculation of these values is described below:

(1) *Guaranteed minimum investment yield and resulting values during an extended maturity period.* A note has a guaranteed minimum investment yield for each of its extended maturity periods. The applicable guaranteed minimum investment yield for the current extended maturity period and any subsequent periods are specified in paragraph (b) of this section. In order to determine the value of a note during an extended maturity period, the value of the note either at the end of the next preceding maturity period or when the guaranteed minimum investment yield

## § 342.4

last increased,<sup>1</sup> whichever occurs later, is determined using the applicable guaranteed minimum investment yield. This value is then used as the base upon which interest accrues during the extended maturity period at the guaranteed minimum investment yield in effect for savings bonds at the beginning of that period. The resulting semiannual values are then compared with the corresponding values determined by using the applicable market-based variable investment yields.

(2) *Market-based variable investment yield an resulting values during and extended maturity period.* The market-based variable investment yield from the first semiannual interest accrual date occurring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1987, is determined as specified in paragraph (c) of this section. The value of a note on its first semiannual interest accrual date occurring on or after November 1, 1982 is used as the base upon which interest accrues during an extended maturity period at the applicable market-based variable investment yield. If redeemed, the note will receive the higher of the two values produced by using the applicable guaranteed minimum investment yield and the applicable market-based variable investment yield.

(e) *Market-based variable investment yields and tables of redemption values.* The market-based variable investment yields for notes redeemed during each 6-month period, beginning on May 1 and November 1 of each year, are made available prior to each of those dates by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328, accompanied by tables of the redemption values of notes for the following 6 months, based on either the applicable market-based variable investment yields or guaranteed minimum investment yields.

[57 FR 14282, Apr. 17, 1992, as amended at 58 FR 60937, 60938, Nov. 18, 1993]

<sup>1</sup>The 11-year bonus was the last increase in the guaranteed minimum investment yield (see paragraph (b)(2)). Savings notes which were eligible to receive this bonus received it on the first semiannual interest accrual date which occurred on or after January 1, 1991.

## 31 CFR Ch. II (7-1-02 Edition)

### § 342.4 Purchase—registration.

(a) *Purchase.* Savings notes, in combination with Series E bonds, could be purchased from any authorized issuing agent, a Federal Reserve Bank or Branch, or the Bureau of the Public Debt. Payment for the notes could be made in the same manner as payment for Series E savings bonds. Issuing agents delivered the notes at the time of purchase, or by mail at the risk and expense of the United States, but only within the United States, its territories and possessions and the Commonwealth of Puerto Rico. No mail deliveries elsewhere were made.

(b) *Registration.* The following restrictions applied to original issues of savings notes:

(1) They were limited to registration in the name of a natural person (whether adult or minor), alone, or with another natural person as co-owner or beneficiary, and

(2) They had to be identical in registration to the Series E bond purchased in combination therewith.

### § 342.5 Limitations.

(a) *Purchases—(1) Payroll savings plans.* Under a payroll savings plan, withholdings for notes could not exceed the ratio of \$1.08 for the notes to \$1 for the Series E bonds and could not exceed \$20.25 per weekly pay period, or \$40.50 per biweekly or semi-monthly pay period, or \$81 per monthly pay period.

(2) *Others.* In combination purchases of notes and Series E bonds, other than under a payroll savings plan, purchases of notes could not exceed \$350 (face amount) a quarter, and in no event could the annual limitation of \$1,350 (face amount) be exceeded.

(b) *Holdings.* The face amount of savings notes originally issued to any one person during any one calendar year, was limited to \$1,350.

### § 342.6 Taxation.

(a) *General.* For the purpose of determining taxes and tax exemptions, the increment in value represented by the difference between the purchase price and the redemption value received for a savings note is considered interest. The interest is subject to all taxes imposed under the Internal Revenue Code

**Fiscal Service, Treasury**

**§ 342.9**

of 1986, as amended. The notes are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

(b) *Federal income tax on notes.* An owner of savings notes who is a cash-basis taxpayer may use either of two methods for reporting the increase in the redemption value of the notes for Federal income tax purposes, as follows:

(1) Defer reporting of the increase to the year of final maturity, actual redemption, or other disposition, whichever is earlier; or

(2) Elect to report the increase for the year in which it accrues, in which case the election applies to all savings notes then owned and those subsequently acquired, as well as to any other similar obligations purchased on a discount basis.

If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting without permission from the Internal Revenue Service. For further information on Federal income taxes, the Service Center Director or District Director, Internal Revenue Service, of the taxpayer's district should be contacted.

**§ 342.7 Payment or redemption.**

(a) *General.* A savings note is redeemable any time one year or more after

the issue date upon its presentation and surrender, with a duly executed request for payment, to any Federal Reserve Bank or Branch referred to in § 342.9, the Bureau of the Public Debt, or to any financial institution designated as a paying agent of savings bonds.

(b) *Judgment creditors.* Payment of a savings note to the purchaser at a sale under a levy, or to the officer authorized to levy upon the property of the owner under appropriate process to satisfy a money judgment, could not be made until one year after the issue date of the note.

[57 FR 14282, Apr. 17, 1992, as amended at 59 FR 10540, Mar. 4, 1994]

**§ 342.8 Governing regulations.**

Savings notes are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds, contained in 31 CFR part 315, also published as Department of the Treasury Circular No. 530, current revision, except as otherwise specifically provided herein.

**§ 342.9 Fiscal agents.**

(a) Federal Reserve Banks and Branches referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her delegate, in connection with the issue, redemption and payment of savings notes.

(b)(1) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(2) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

[59 FR 10540, Mar. 4, 1994]

**§ 342.10 Reservations.**

(a) *Issue of notes.* The Secretary of the Treasury reserved the right to reject any application for purchase of savings notes, in whole or in part, and to refuse to issue or permit to be issued hereunder any such notes in any case or any class or classes of cases if such action was deemed to be in the public interest. Any action in any such respect was final.

(b) *Terms.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this part, or of any amendments or supplements thereto.

**PART 343—REGULATIONS GOVERNING THE OFFERING OF UNITED STATES MORTGAGE GUARANTY INSURANCE COMPANY TAX AND LOSS BONDS**

**Subpart A—General Information**

Sec.

343.0 Offering of bonds.

343.1 General provisions.

**Subpart B—Tax and Loss Bonds**

343.2 Issue date and purchase.

343.3 Redemption.

343.4 Reissue.

344.5 Taxation.

AUTHORITY: 5 U.S.C. 301; 26 U.S.C. 832; 31 U.S.C. 3102.

SOURCE: 62 FR 49914, Sept. 24, 1997, unless otherwise noted.

**Subpart A—General Information**

**§ 343.0 Offering of bonds.**

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to paragraph 832(e) of the Internal Revenue Code of 1954, offers for sale only to companies organized and engaged in the business of writing mortgage guaranty insurance within the United States, bonds of the United States designated as Mortgage Guaranty Insurance Company Tax and Loss Bonds, hereinafter referred to as tax and loss bonds. The bonds are issued in a minimum amount of \$1,000 or in any larger amount, in increments of not less than \$1.00. This offering will continue until terminated by the Secretary of the Treasury.

**§ 343.1 General provisions.**

(a) *Regulations.* Tax and loss bonds are subject to the general regulations with respect to United States securities, which are set forth in the Department of the Treasury Circular No. 300 (31 CFR part 306), to the extent applicable. Copies of the circular may be obtained from the Bureau of the Public Debt, Division of Special Investments, Room 309, 200 Third St., P.O. Box 396, Parkersburg, WV 26106-0396 or downloaded from Public Debt's home page on the Internet at: <http://www.publicdebt.treas.gov/>.

(b) *Issuance.* Tax and loss bonds are issued in book-entry form on the books of the Treasury that are maintained by the Division of Special Investments. The bonds are issued with 10 or 20 year maturities as designated by the purchaser. These bonds are non-interest bearing. Any transfer by sale, exchange, assignment, pledge or otherwise, is prohibited. The bonds may be reissued as provided in § 343.4.

(c) *Fiscal agents.* Selected Federal Reserve Banks and Branches, as fiscal agents of the United States, may be

designated to perform such services requested of them by the Secretary of the Treasury in connection with the purchase, redemption and other transactions involving these bonds.

(d) *Debt limit contingency.* The Department of the Treasury reserves the right to change or suspend the terms and conditions of this offering, including provisions relating to the purchase of, and redemption of, the bonds as well as notices relating hereto, at any time the Secretary determines that the issuance of obligations sufficient to conduct the orderly financing operations of the United States cannot be made without exceeding the statutory debt limit. Announcement of such changes shall be provided by such means as the Secretary deems appropriate.

(e) *General redemption provisions.* A bond may not be called for redemption by the Secretary of the Treasury prior to maturity. When the bond matures, payment will be made of the principal amount due to the owner. A bond scheduled for maturity on a non-business day will be redeemed on the next business day.

(f) *Reservations.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this circular or any related amendments or supplements. Transaction requests, including purchases or redemptions of bonds, are not acceptable if unsigned, inappropriately completed, or not timely submitted. Any of these actions shall be final. The authority of the Secretary to waive regulations under 31 CFR 306.126 applies to part 343.

(g) *Forms and additional information.* The application form for subscriptions, Fedwire instructions and other information will be furnished by the Division of Special Investments upon request by writing to the Division of Special Investments or by calling (304) 480-7752. Application forms may also be downloaded from the Internet at Public Debt's home page at: <http://www.publicdebt.treas.gov/>.

## Subpart B—Tax and Loss Bonds

### § 343.2 Issue date and purchase.

(a) *Issue date.* The issue date must be a business day. The bonds will be issued as of the date of receipt of Form PD F 3871 "Application for Issue of United States Mortgage Guaranty Insurance Company Tax and Loss Bonds" and receipt of the remittance of funds for the full amount of the bond(s). Applications under this offering must be submitted to the Division of Special Investments. An application may be submitted by fax at (304) 480-7786 or (304) 480-6818, by mail, or by other carrier. Applications submitted by mail should be sent by certified or registered mail.

(b) *Purchase.* Tax and loss bonds may only be purchased from the Division of Special Investments. The purchaser will instruct their financial institution to submit the exact amount of funds on the requested issue date to the Division of Special Investments via the Fedwire funds transfer system, with credit directed to the Treasury's General Account, according to wire instructions obtained from the Division of Special Investments (see § 343.1(g)). Full payment should be submitted by 3:00 P.M. Eastern time to ensure that settlement of the transaction occurs.

(Approved by the Office of Management and Budget under control number 1535-0127.)

### § 343.3 Redemption.

(a) *General.* Tax and loss bonds may not be called for redemption by the Secretary of the Treasury prior to maturity, but may be redeemed in whole or in part at the owner's option at any time after three months from issue date. The Director of the Internal Revenue Service District in which the owner's principal place of business is located will be given notice of all redemptions. Partial redemptions of bonds may be requested in any whole dollar amount; however, an account balance of less than \$1,000 will be redeemed in total.

(b) *Method of payment.* Payment will be made by the Automated Clearing House (ACH) method for the owner's

### § 343.4

### 31 CFR Ch. II (7–1–02 Edition)

account at a financial institution designated by the owner. To the extent applicable, provisions of § 357.26, Payments, and provisions of 31 CFR part 370, shall govern ACH payments made under this offering. The Department of the Treasury may employ alternate payment procedures in lieu of ACH in any case or class of cases where operational considerations require such action.

(c) *Book-entry.* Bonds will be redeemed automatically upon maturity. Payment will be made in accordance with the ACH payment instructions on file. Redemptions prior to maturity will be made upon receipt of a redemption request. Notice of redemption prior to maturity must be submitted in writing on company letterhead to the Division of Special Investments, or faxed to (304) 480-7786 or to (304) 480-6818. The notice must be received by the Division of Special Investments not less than three business days prior to the requested redemption date. It must contain the owner's name and Tax Identification Number, the requested redemption date, any changed payment routing instructions, the case number(s) to be redeemed, including original issue date(s), and the amount to be redeemed.

(d) *Registered.* To obtain redemption, a bond with the assignment for redemption properly completed and executed must be presented to the Division of Special Investments. Payment routing instructions must also be included with the bond at redemption. Upon partial redemption of a registered bond, the remaining balance will be reissued in book-entry form with the original issue and maturity date.

(Approved by the Office of Management and Budget under control number 1535-0127.)

#### § 343.4 Reissue.

(a) *General.* Reissue of a tax and loss bond may be made only under the conditions specified in this paragraph. A request for reissue must be made by an officer of the beneficial owner who is authorized to assign the bond for redemption. The request must be submitted to the Division of Special Investments. A bond will only be reissued in book-entry form and will bear the

same issue date and maturity as the original bond.

(b) *Correction of error.* The reissue of a bond may be made to correct an error in the original issue upon an appropriate request, supported by satisfactory proof of the error.

(c) *Change of name.* An owner whose name is changed in any legal manner after the issue of the bond should submit the bond with a request for reissue, substituting the new name for the name inscribed on the bond. The signature on the request for reissue should show the new name, the legal reason which caused the change to be made and the former name. It must be supported by satisfactory proof of the change of name.

(d) *Legal succession.* A bond registered in the name of a company which has been succeeded by another company as the result of a merger, consolidation, incorporation, reincorporation, conversion, reorganization, or which has been lawfully succeeded in any manner whereby the business or activities of the original organization are continued without substantial change, will be paid to or reissued in the name of the successor upon an appropriate request on its behalf, supported by satisfactory evidence of successorship.

(e) *Conversion to book-entry.* Although not required, any owner of tax and loss bonds held in registered form after the effective date of this regulation, may submit those bonds to the Division of Special Investments, for conversion to book-entry form.

(Approved by the Office of Management and Budget under control number 1535-0127.)

#### § 343.5 Taxation.

Tax and loss bonds will be exempt from all taxation now or hereafter imposed on the principal by any state or any possession of the United States or of any local taxing authority.

## PART 344—U.S. TREASURY SECURITIES—STATE AND LOCAL GOVERNMENT SERIES

### Subpart A—General Information

Sec.

344.0 What does this part cover?

**Fiscal Service, Treasury**

**§ 344.1**

344.1 What special terms do I need to know to understand this part?

344.2 What general provisions apply to SLGS securities?

SLGSAFE<sup>SM</sup>

344.3 What special provisions apply to SLGSafe<sup>SM</sup> Internet transactions?

**Subpart B—Time Deposit Securities**

344.4 What are Time Deposit securities?

344.5 How do I subscribe for Time Deposit securities?

344.6 How do I redeem a Time Deposit security before maturity?

**Subpart C—Demand Deposit Securities**

344.7 What are Demand Deposit securities?

344.8 How do I subscribe for Demand Deposit securities?

344.9 How do I redeem a Demand Deposit security?

**Subpart D—Special Zero Interest Securities**

344.10 What are Special Zero Interest securities?

344.11 How do I redeem a Special Zero Interest security before maturity?

APPENDIX A TO PART 344—EARLY REDEMPTION MARKET CHARGE FORMULAS AND EXAM-

PLES FOR SUBSCRIPTIONS FROM DECEMBER 28, 1976, THROUGH OCTOBER 27, 1996

APPENDIX B TO PART 344—FORMULA FOR DETERMINING REDEMPTION VALUE FOR SECURITIES SUBSCRIBED FOR AND EARLY-REDEEMED ON OR AFTER OCTOBER 28, 1996

AUTHORITY: 26 U.S.C. 141 note; 31 U.S.C. 3102.

SOURCE: 65 FR 55405, Sept. 13, 2000, unless otherwise noted.

**Subpart A—General Information**

**§ 344.0 What does this part cover?**

(a) *What is the purpose of the SLGS securities offering?* The Secretary of the Treasury (the Secretary) offers for sale State and Local Government Series (SLGS) securities to provide issuers of tax exempt securities with investments from any amounts that:

(1) Constitute gross proceeds of an issue; or

(2) Assist in complying with applicable provisions of the Internal Revenue Code relating to the tax exemption.

(b) *What types of SLGS securities are governed by this part?* This part governs the following SLGS securities:

SLGS securities	United States Treasury certificates of indebtedness	United States Treasury notes	United States Treasury bonds
(1) Time Deposit .....	X	X	X
(2) Demand Deposit .....	X	.....	.....
(3) Special Zero Interest (Discontinued offering on October 28, 1996) .....	X	X	.....

(c) *In what denominations are SLGS securities issued?* SLGS securities are issued in the following denominations:

(1) *Time deposit securities*—a minimum amount of \$1,000, or in any larger whole dollar amount; and

(2) *Demand deposit securities*—a minimum amount of \$1,000, or in any larger amount, in any increment.

(d) *For how long is the offering in effect?* The offering continues until terminated by the Secretary.

**§ 344.1 What special terms do I need to know to understand this part?**

As appropriate, the definitions of terms used in this part are those found in the relevant portions of the Internal

Revenue Code and the Income tax regulations.

*Business Day(s)* means Federal business day(s).

*Current Treasury borrowing rate* means the prevailing market rate, as determined by Treasury, for a Treasury security with the specified period to maturity.

*Day(s)* means calendar day(s).

*Issuer* refers to the Government body that issues State or local government bonds described in section 103 of the Internal Revenue Code.

*Public Debt's website* refers to <<http://www.publicdebt.treas.gov/spe/spe.htm>>.

*SLGS rate* means the current Treasury borrowing rate on the day we receive your subscription, less 5 basis

points, as released daily by Treasury in a SLGS rate table.

*SLGS rate table* means a compilation of SLGS rates available for a given day.

“We”, “us”, or “the Secretary” refers to the Secretary and the Secretary’s delegates at the Department of the Treasury (Treasury), Bureau of the Public Debt (Public Debt), and Division of Special Investments (DSI). The term also extends to any fiscal or financial agent acting on behalf of the United States when designated to act by the Secretary or the Secretary’s delegates.

**§344.2 What general provisions apply to SLGS securities?**

(a) *What other regulations apply to SLGS securities?* SLGS securities are subject to:

(1) The electronic transactions and funds transfers provisions for United States securities, part 370 of this subchapter, “Electronic Transactions and Funds Transfers Related to U.S. Securities”, and

(2) The Appendix to subpart E to part 306 of this subchapter, for rules regarding computation of interest.

(b) *Where are SLGS securities held?* SLGS securities are issued in book-entry form on the books of the Department of the Treasury, Bureau of the Public Debt, Division of Special Investments, Parkersburg, WV.

(c) *Besides DSI, do any other entities administer SLGS securities?* The Secretary may designate selected Federal Reserve Banks and Branches, as fiscal agents of the United States, to perform services relating to SLGS securities.

(d) *Can SLGS securities be transferred?* No. SLGS securities held in an account of any one type, *i.e.*, time deposit, demand deposit, or special zero interest, cannot be transferred within that account, or to an account of any other type. Transfer of securities by sale, exchange, assignment, pledge, or otherwise is not permitted.

(e) *How does a bank or other agent certify its authority?* When a commercial bank or other agent submits an initial or final subscription on behalf of the issuer, it certifies that it is acting under the issuer’s specific authorization. Ordinarily, evidence of such authority is not required.

(f) *What transactions are not permitted?* The following is a nonexclusive list of impermissible transactions:

(1) It is impermissible to subscribe for SLGS securities for deposit in a defeasance escrow of fund if at any time between the close of business on the date of subscription and the close of business on the date of issue, the amount of SLGS securities subscribed for, plus the amount of any other securities already in such escrow or fund, plus the amount of other securities the issuer has acquired, or has the right to acquire for deposit in an escrow or fund, exceeds the total amount of securities needed to fund such escrow or fund.

(2) For paragraph (f)(1) of this section, do not include in the computation any securities held in the escrow or fund that are not subject to an agreement conditioned on changes in the interest rate on open market Treasury securities on or before the issue date of the SLGS securities. An adjustment in the subscription amount under §344.5(b)(4)(ii) will not in and of itself make the transaction impermissible.

(3) The following examples illustrate certain permissible and impermissible practices:

(i) In order to fund an escrow for an advance refunding, the issuer simultaneously enters into a purchase contract for open market securities and subscribes for SLGS securities, such that either purchase is sufficient to pay the cash flows on the outstanding bonds to be refunded but together, the purchases are greatly in excess of the amount necessary to pay the cash flows. The issuer plans that, if interest rates decline during the period between the date of subscribing for SLGS securities and the requested date of issuance of SLGS securities, the issuer will enter into an offsetting agreement to sell the open market securities and use the bond proceeds to purchase SLGS securities to fund the escrow. If, however, interest rates do not decline in that period, the issuer plans to use the bond proceeds to purchase the open market securities to fund the escrow and cancel the SLGS securities subscription. This arrangement in effect allows the SLGS program to provide a



cost-free option to the issuer. This transaction is prohibited.

(ii) The existing escrow for an advance refunding contains open market securities which produce a negative arbitrage. In order to reduce or eliminate this negative arbitrage, the issuer subscribes for SLGS securities at a yield higher than the yield on the existing escrow, but less than the permitted yield. At the same time, the issuer agrees to sell the open market securities in the existing escrow to a third party and use the proceeds to purchase SLGS securities if interest rates decline between the date of subscribing for SLGS securities and the requested date of issuance of SLGS securities. The issuer and the third party further agree that if interest rates increase during this period, the issuer will cancel the SLGS securities subscription. This arrangement in effect allows the SLGS program to provide a cost-free option to the issuer. This transaction is prohibited.

(iii) Under the same facts as in paragraph (f)(3)(ii) of this section, except that in this case, the agreement entered into by the issuer with a third party to sell the open market securities in order to obtain funds to purchase SLGS securities is not conditioned upon changes in interest rates on Treasury securities. No option is created. This transaction is permissible.

(iv) The issuer subscribes for SLGS securities fifteen days before the settlement date of its bonds at the maximum rates on such day, but the resulting yield in the escrow is less than the permitted yield. The rates on the SLGS securities rise over the next few days, and, within the time periods permitted for cancellation of a subscription under § 344.5(b)(1) and § 344.8(b)(2), the issuer cancels the earlier subscription and resubscribes at the higher rates. This transaction is permissible.

(v) The issuer holds a portfolio of open market securities in an account that produces negative arbitrage. In order to reduce or eliminate this negative arbitrage, the issuer subscribes for SLGS securities for purchase in sixty days. At the same time, the issuer sells an option to purchase the portfolio of open market securities. If interest

rates increase, the holder of the option will not exercise its option and the issuer will cancel the SLGS securities subscription. On the other hand, if interest rates decline, the option holder will exercise the option and the issuer will use the proceeds to purchase SLGS securities. This arrangement uses the SLGS program to provide the issuer with a cost-free option. This transaction is prohibited.

(g) *When and how do I pay for SLGS securities?* You must submit full payment for each subscription to DSI by 4:00 p.m., Eastern time, on the issue date. Submit payments by the Fedwire funds transfer system with credit directed to the Treasury's General Account. For these transactions, Public Debt's ABA Routing Number is 051036476.

(h) *What happens if I do not settle on a subscription?* The penalty imposed for failure to make settlement on a subscription that you submit but do not timely cancel will be to render you ineligible to subscribe for SLGS securities for six months, beginning on the date the subscription is withdrawn or the proposed issue date, whichever occurs first.

(1) *Upon whom is the penalty imposed?* If you are the issuer, the penalty is imposed on you unless you provide the Taxpayer Identification Number of the conduit borrower that is the actual party failing to make settlement of a subscription. If you provide the Taxpayer Identification Number for the conduit borrower, the six-month penalty will be imposed on the conduit borrower.

(2) *What occurs if Treasury exercises the option to waive the penalty?* If you settle after the proposed issue date and we determine that settlement is acceptable on an exception basis, we will waive under § 344.2(n) the six-month penalty under paragraph (h) of this section. You shall be charged a late payment assessment. The late payment assessment equals the amount of interest that would have accrued on the SLGS securities from the proposed issue date to the date of settlement plus an administrative fee of \$100 per subscription. Late payment assessments are due on demand.

(i) *What happens at redemption?* Treasury cannot call a security for redemption before maturity. Upon the maturity of a security, we will pay the owner the principal amount and interest due. A security scheduled for maturity on a non-business day will be redeemed on the next business day.

(j) *How will I receive payment?* We will make payment by the Automated Clearing House (ACH) method for the owner's account at a financial institution as designated by the owner. We may use substitute payment procedures, instead of ACH, if we consider it to be necessary. Any such action is final.

(k) *If I am not an Internet customer, how do I submit transactions to DSI?* Non-Internet customers may submit transactions by fax at (304) 480-6818, or by carrier service, U.S. Postal Service (certified or registered mail), or other means, to the Bureau of the Public Debt, Division of Special Investments, 200 3rd St., P.O. Box 396, Parkersburg, WV 26106-0396. Unless requested, DSI will not send a confirmation of receipt to non-Internet customers.

(l) *Will the offering be changed during a debt limit contingency?* We reserve the right to change or suspend the terms and conditions of the offering, including provisions relating to subscriptions for, and issuance of, SLGS securities, interest payments, early redemptions, rollovers, and notices, at any time the Secretary determines that the issuance of obligations sufficient to conduct the orderly financing operations of the United States cannot be made without exceeding the statutory debt limit. We will announce such changes by any means the Secretary deems appropriate.

(m) *What transaction requests are unacceptable?* A decision to reject an unacceptable transaction request is in our sole discretion and is final. Although we may waive the right to reject transactions under § 344.2(n), Treasury reserves the right:

(1) To reject any SLGSafe<sup>SM</sup> Application for Internet Access;

(2) To reject any electronic or paper transaction request (including requests for subscription and redemption, and changes to subscriptions) that is un-

signed, inappropriately completed, or untimely submitted;

(3) To refuse to issue any SLGS securities in any case or class of cases; and

(4) To revoke the issuance of any SLGS securities and to declare the subscriber ineligible thereafter to subscribe for securities under the offering if the Secretary deems that such action is in the public interest and any security is issued on the basis of an improper certification or other misrepresentation (other than as the result of an inadvertent error) or there is an impermissible transaction under § 344.2(f).

(n) *Are there any situations in which Treasury may waive these regulations?* We reserve the right, at our discretion, to waive or modify any provision of these regulations in any case or class of cases. We may do so if such action is not inconsistent with law and will not subject the United States to substantial expense or liability.

#### SLGSafe<sup>SM</sup>

### § 344.3 What special provisions apply to SLGSafe<sup>SM</sup> Internet transactions?

(a) *What is SLGSafe<sup>SM</sup>?* SLGSafe<sup>SM</sup> is a secure Internet site on the World Wide Web through which you can submit SLGS securities transactions. SLGSafe<sup>SM</sup> Internet transactions constitute electronic messages under 31 CFR part 370.

(b) *When can I subscribe using SLGSafe<sup>SM</sup>?* You will be able to submit SLGSafe<sup>SM</sup> transactions to DSI after we approve your SLGSafe<sup>SM</sup> Application under § 344.3(g).

(c) *What special terms and conditions apply to SLGSafe<sup>SM</sup>?* The following terms and conditions, which may change from time to time, apply to SLGSafe<sup>SM</sup> transactions and are downloadable from Public Debt's website:

(1) SLGSafe<sup>SM</sup> Application for Internet Access and SLGSafe<sup>SM</sup> User Acknowledgment;

(2) Public Debt's Certificate Practice Statement; and

(3) SLGSafe<sup>SM</sup> Internet User's Guide.

(d) *Who can apply for SLGSafe<sup>SM</sup> access?* There are five roles in SLGSafe<sup>SM</sup>: owner, trustee, receiving depository financial institution, subscriber, and viewer. If you are an owner

of SLGS securities or act as a trustee, receiving depository financial institution or subscriber, you can apply to DSI for authorization to send electronic messages through SLGSafe<sup>SM</sup>. If you are an owner or trustee, you can authorize your SLGS securities holdings to be accessed by any other viewer who applies for SLGSafe<sup>SM</sup> access.

(e) *What SLGSafe<sup>SM</sup> functions can I perform in each role?* The role that you play in SLGSafe<sup>SM</sup> shall determine the functions that you will be allowed to perform. An explanation of the roles and functions is outlined in the SLGSafe<sup>SM</sup> Internet User's Guide.

(f) *How do I apply for access to SLGSafe<sup>SM</sup>?* You must apply for SLGSafe<sup>SM</sup> access before performing any Internet functions. To apply for SLGSafe<sup>SM</sup> Internet access, you must:

(1) Submit to DSI a completed Treasury form, PD F 4144-5, SLGSafe<sup>SM</sup> Application for Internet Access;

(2) Appoint a SLGSafe<sup>SM</sup> Access Administrator and a backup administrator who certify that the information on the SLGSafe<sup>SM</sup> Application is accurate;

(3) Ensure only authorized users are reflected on the SLGSafe<sup>SM</sup> Application; and

(4) Await our written approval of your SLGSafe<sup>SM</sup> Application before you, or anyone acting on your behalf, uses an electronic connection to access any of our services or to send any electronic messages.

(g) *How is my SLGSafe<sup>SM</sup> Application approved?* The Secretary has the sole discretion to determine the priority of approval of SLGSafe<sup>SM</sup> Applications. Upon receipt of your SLGSafe<sup>SM</sup> Application, we will review your SLGSafe<sup>SM</sup> Application and send to you either an approval or rejection notice. If we approve your SLGSafe<sup>SM</sup> Application, we will:

(1) Issue a digital certificate with an associated authorization code to each user you authorize on your approved application; and

(2) Provide access to your existing portfolio of SLGS securities, if any, to enable you to access the SLGS securities through SLGSafe<sup>SM</sup>.

(h) *What are the conditions of SLGSafe<sup>SM</sup> use?* If you are designated as an authorized user on a SLGSafe<sup>SM</sup> Ap-

plication that we've approved, you must:

(1) Sign, and send to DSI, a User Acknowledgment regarding the use of the digital certificate and authorization code;

(2) Have and maintain the compatibility of your computer(s) and associated equipment and software so that you can send electronic messages and permit us to send an automatic confirmation receipt of each transaction, and any other information, to you on a timely basis throughout the day;

(3) Assume the sole responsibility and the entire risk of use and operation of your electronic connection;

(4) Agree that we may act on any electronic message that we authenticate as yours under Public Debt's Certificate Practice Statement, and any other Certificate Policy that Treasury may issue, to the same extent as if we had received a written instruction bearing the signature of your duly authorized officer;

(5) Submit electronic messages exclusively through SLGSafe<sup>SM</sup> unless you:

(i) Are unable to do so; and

(ii) Notify us before submitting transactions by other means; and

(6) Agree to submit transactions by other means if we notify you that problems with hardware, software or data transmission delays, or any other reason, prevent our sending or receiving electronic messages.

(i) *If I am an Internet customer, how do I submit transactions using SLGSafe<sup>SM</sup> to DSI?* Internet customers must submit transactions to DSI through the SLGSafe<sup>SM</sup> Internet site at Public Debt's website. If your electronic message is accepted, we will send automatically an electronic confirmation to you. You can use the confirmation notice to verify the date and time that Public Debt's Application server received the electronic message that you submitted.

## Subpart B—Time Deposit Securities

### §344.4 What are Time Deposit securities?

Time deposit securities are issued as certificates of indebtedness, notes and bonds.

**§ 344.5**

**31 CFR Ch. II (7-1-02 Edition)**

(a) *What are the terms of maturity?* The issuer must fix the maturity periods for time deposit securities, which are issued as follows:

Time deposit securities	Maturity range	
	From	Up to and including
Certificates of Indebtedness that bear no interest .....	15 days .....	1 year.
Certificates of Indebtedness .....	30 days .....	1 year.
Notes .....	1 year and 1 day .....	10 years.
Bonds .....	10 years and 1 day .....	40 years; provided that for any subscription for a bond exceeding 30 years, the maximum available rate must be the rate on a 30-year bond.

(b) *How are SLGS rates determined?* For each security, the issuer shall designate an interest rate that does not exceed the maximum interest rate shown in the daily SLGS rate table as defined in §344.1.

(1) *When is the SLGS rate table released?* We release the SLGS rate table to the public by 10:00 a.m., Eastern time, each business day. If we find that due to circumstances beyond our control the SLGS rate table is not available at that time on any given business day, the SLGS rate table for the preceding business day applies.

(2) *How do I lock in a SLGS rate?* The applicable daily SLGS rate table for a non-Internet subscription is the one in effect on the date the initial subscription is faxed, postmarked, or carrier date stamped. The applicable daily SLGS rate table for a SLGSafeSM Internet initial subscription is the one in effect on the date shown on Public Debt's Application server.

(3) *Where can I find the SLGS rate table?* The SLGS rate table can be obtained:

- (i) On the Internet at Public Debt's website; or
- (ii) By calling DSI at (304) 480-7752.

(c) *How are interest computation and payment dates determined?* Interest on a certificate of indebtedness is computed on an annual basis and is paid at maturity with the principal. Interest on a note or bond is paid semi-annually. The issuer specifies the first interest payment date, which must be at least thirty days and less than or equal to one year, from the date of issue. The final interest payment date must coincide with the maturity date of the security.

Interest for other than a full interest period is computed on the basis of a 365-day or 366-day year (for certificates of indebtedness) and on the basis of the exact number of days in the half-year (for notes and bonds). See the Appendix to subpart E of part 306 of this subchapter for rules regarding computation of interest.

**§344.5 How do I subscribe for Time Deposit securities?**

(a) *Where do I submit transactions?* All subscriptions for purchase, cancellation requests, changes to initial or final subscriptions and notices of redemption must be sent to DSI.

(b) *What requirements apply to initial subscriptions?*

(1) *When is my initial subscription or cancellation due in DSI?* The subscriber must fix the issue date of each security in the initial subscription. The issue date must be a business day. The issue date cannot be more than sixty days after the date DSI receives the initial subscription. To determine when you must send an initial subscription or cancellation request, follow this table:

If:	Then:
(i) The subscription is for..	DSI must receive an initial subscription (or you can cancel it without penalty):
(A) \$10 million or less, or.	at least 5 days before the issue date of the subscription.
(B) Over \$10 million	at least 7 days before the issue date of the subscription.

**Fiscal Service, Treasury**

**§ 344.5**

If:	Then:
(ii) The 5th or 7th day before the issue date is a non-business day.	DSI must receive the cancellation request on the preceding business day.
(iii) DSI receives an initial subscription more than 60 days before the issue date.	DSI will not accept an initial subscription.

*Example to paragraph (b)(1):* If SLGS securities totaling \$10 million or less will be issued on March 16th, DSI must receive the initial subscription no later than March 11th. If SLGS securities totaling more than \$10 million will be issued on March 16th, DSI must receive the initial subscription no later than March 9th.

(2) *What form is used to submit an initial subscription?* An initial subscription must be submitted on an electronic or paper Treasury form, PD F 4144, "Subscription for Purchase and Issue of U.S. Treasury Securities State and Local Government Series Time Deposit."

(3) *Can I submit a letter instead of an initial subscription form?* Yes. If you do not have an initial subscription form under paragraph (b)(2) of this section, then submit a letter to DSI that contains the following information:

- (i) The total principal amount;
- (ii) The issue date;
- (iii) The name and the Taxpayer Identification Number of issuer eligible to purchase SLGS securities;
- (iv) The date; and
- (v) The signature and title of an official authorized to purchase SLGS securities.

(4) *How do I change an initial subscription?* You can change an initial subscription on or before the issue date, but not later than 3:00 p.m., Eastern time, on the issue date. Changes to an initial subscription are acceptable with the following exceptions:

- (i) You cannot change the issue date to require issuance earlier than the issue date originally specified. The issue date can be changed up to seven days after the original issue date. If you make such a change, you should notify DSI as soon as possible, but no later than 3:00 p.m., Eastern time, one business day before the original issue date;

- (ii) You may change the aggregate principal amount specified in the initial subscription up to \$10 million or ten percent, whichever is greater;

- (iii) You can change an interest rate provided it does not exceed the maximum interest rate in the SLGS rate table that was in effect for a security of comparable maturity on the date the initial subscription was submitted (unless the issuer obtains a higher rate by canceling and resubscribing in compliance with this section); and

- (iv) If you submit an untimely change, Treasury, in its sole discretion, can accept the change on an exception basis under §344.2(n). Whether we accept the change before or after the issue date, the amended information will be applied to the securities. The six-month penalty will be imposed under §344.2(h). If Treasury waives the six-month penalty, you will be charged a late payment assessment under §344.2(h)(2).

(5) *When is an initial subscription not required?* No initial subscription is required when a final subscription is received at least five days before the issue date for subscriptions of \$10 million or less and at least seven days before the issue date for subscriptions of over \$10 million. Such final subscription is treated as the initial subscription for purposes of determining the applicable SLGS rate table under §344.4(b).

(c) *What requirements apply to final subscriptions?*

(1) *What form is used to submit a final subscription?* You must submit an electronic or paper Treasury form, PD F 4144 "Subscription for Purchase and Issue of U.S. Treasury Securities State and Local Government Series Time Deposit," as a final subscription.

(2) *What information must be contained on the final subscription?* The final subscription must:

- (i) be dated and signed by an official authorized to make the purchase;
- (ii) include the Taxpayer Identification Number of the issuer;
- (iii) be accompanied with a copy of the initial subscription (or if a SLGSafe<sup>SM</sup> subscription, the Treasury case number) where applicable;
- (iv) separately itemize securities by the various maturities, interest rates,

**§ 344.6**

and first interest payment dates (in the case of notes and bonds);

(v) not be more than \$10 million or ten percent, whichever is greater, above or below the aggregate principal amount specified in the initial subscription; and

(vi) not be paid with proceeds that are derived, directly or indirectly, from the redemption before maturity of SLGS securities subscribed for on or before December 27, 1976.

(3) *How do I change a final subscription?* You can change a final subscription on or before the issue date in the same fashion as you change an initial subscription under § 344.5(b)(4)(i)-(iv).

(4) *When must I send a final subscription?* DSI must receive a final subscription on or before the issue date, but not later than 3:00 p.m., Eastern time, on the issue date.

**§ 344.6 How do I redeem a Time Deposit security before maturity?**

(a) *What is the minimum time a security must be held?* To determine how long you must hold a security, follow this table:

If the security is . . .	then, at the owner's option, the security can be redeemed no earlier than . . .
(1) A zero percent certificate of indebtedness of 16 to 29 days.	15 days after the issue date.
(2) A certificate of indebtedness of 30 days or more.	25 days after the issue date.
(3) A note or bond .....	30 days after the issue date.

(b) *Can I request partial redemption of a security balance?* You may request partial redemptions in any whole dollar amount; however, a security balance of less than \$1,000 must be redeemed in total.

(c) *Do I have to submit a notice of early redemption?* Yes. An official authorized to redeem the securities before maturity must submit an electronic or paper notice of redemption. The notice must show the Taxpayer Identification Number of the issuer, the Treasury case number, the security number and the dollar amount of the securities to be redeemed. DSI must receive the notice no less than 10 days and no more than 60 days before the requested redemption date. You cannot cancel the notice.

(d) *How do I calculate the amount of redemption proceeds for subscriptions on or after October 28, 1996?* For securities subscribed for on or after October 28, 1996, the amount of the redemption proceeds is calculated as follows:

(1) *Interest.* If a security is redeemed before maturity on a date other than a scheduled interest payment date, Treasury pays interest for the fractional interest period since the last interest payment date.

(2) *Redemption value.* The remaining interest and principal payments are discounted by the current Treasury borrowing rate for the remaining term to maturity of the security redeemed. This may result in a premium or discount to the issuer depending on whether the current Treasury borrowing rate is unchanged, lower, or higher than the stated interest rate of the early-redeemed SLGS securities. There is no market charge for the redemption of zero interest time deposit SLGS securities subscribed for on or after October 28, 1996. Redemption proceeds in the case of a zero-interest security are a return of the principal invested. The formulas for calculating the redemption value under this paragraph, including examples of the determination of premiums and discounts, are set forth in Appendix B of this part.

(e) *How do I calculate the amount of redemption proceeds for subscriptions from September 1, 1989, through October 27, 1996?* For securities subscribed for from September 1, 1989, through October 27, 1996, the amount of the redemption proceeds is calculated as follows:

(1) *Interest.* If a security is redeemed before maturity on a date other than a scheduled interest payment date, Treasury pays interest for the fractional interest period since the last interest payment date.

(2) *Market charge.* An amount shall be deducted from the redemption proceeds if the current Treasury borrowing rate for the remaining period to original maturity exceeds the rate of interest originally fixed for such security. The amount shall be the present value of the future increased borrowing cost to the Treasury. The annual increased borrowing cost for each interest period is determined by multiplying the principal by the difference between the two

rates. For notes and bonds, the increased borrowing cost for each remaining interest period to original maturity is determined by dividing the annual cost by two. Present value is determined by using the current Treasury borrowing rate as the discount factor. When you request a redemption date that is less than thirty days before the original maturity date, we will apply the rate of a one month security as listed on the SLGS rate table issued on the day you make a redemption request. The market charge under this paragraph can be computed by using the formulas in Appendix A of this part.

(f) *How do I calculate the amount of redemption proceeds for subscriptions from December 28, 1976, through August 31, 1989?* For securities subscribed for from December 28, 1976, through August 31, 1989, the amount of the redemption proceeds is calculated as follows:

(1) *Interest.* Interest for the entire period the security was outstanding shall be recalculated if the original interest rate of the security is higher than the interest rate that would have been set at the time of the initial subscription had the term of the security been for the shorter period. If this results in an overpayment of interest, we will deduct from the redemption proceeds the aggregate amount of such overpayments, plus interest, compounded semi-annually thereon, from the date of each overpayment to the date of redemption. The rate used in calculating the interest on the overpayment will be one-eighth of one percent above the maximum rate that would have applied to the initial subscription had the term of the security been for the shorter period. If a note or bond is redeemed before maturity on a date other than a scheduled interest payment date, no interest is paid for the fractional interest period since the last interest payment date.

(2) *Market charge.* An amount shall be deducted from the redemption proceeds in all cases where the current Treasury borrowing rate for the remaining period to original maturity of the security prematurely redeemed exceeds the rate of interest originally fixed for such security. You can compute the market charge under this paragraph by

using the formulas in Appendix A of this part.

(g) *How do I calculate the amount of redemption proceeds for subscriptions on or before December 27, 1976?* For bonds subscribed for on or before December 27, 1976, the amount of the redemption proceeds is calculated as follows.

(1) *Interest.* The interest for the entire period the bond was outstanding shall be re-calculated if the original interest rate at which the bond was issued is higher than an adjusted interest rate reflecting both the shorter period during which the bond was actually outstanding and a penalty. The adjusted interest rate is the Treasury rate which would have been in effect on the date of issue for a marketable Treasury bond maturing on the semi-annual maturity period before redemption reduced by a penalty which must be the lesser of:

(i) One-eighth of one percent times the number of months from the date of issuance to original maturity, divided by the number of full months elapsed from the date of issue to redemption; or

(ii) One-fourth of one percent.

(2) *Deduction.* We will deduct from the redemption proceeds, if necessary, any overpayment of interest resulting from previous payments made at a higher rate based on the original longer period to maturity.

### Subpart C—Demand Deposit Securities

#### § 344.7 What are Demand Deposit securities?

Demand deposit securities are one-day certificates of indebtedness that are automatically rolled over each day until you request redemption.

(a) *How is a Demand Deposit account established?* Each demand deposit subscription will establish a unique account.

(b) *How are interest rates determined?* Each security shall bear a variable rate of interest based on an adjustment of the average yield for three-month Treasury bills at the most recent auction. A new rate is effective on the first business day following the regular auction of three-month Treasury bills and

§ 344.7

31 CFR Ch. II (7-1-02 Edition)

is shown in the SLGS rate table. Interest is accrued and added to the principal daily. Interest is computed on the balance of the principal, plus interest accrued through the preceding day.

(1) *How is the interest rate calculated?*  
 (i) First, you calculate the annualized effective demand deposit rate in decimals, designated “I” in Equation 1, as follows:

$$I = \left[ \left( \frac{100}{P} \right)^{Y/DTM} - 1 \right] \times (1 - MTR) - TAC$$

(Equation 1)

WHERE:	
I =	Annualized effective demand deposit rate in decimals.
P =	Average auction price for the most recently auctioned 13-week Treasury bill, per hundred, to three decimals.
Y =	365 (if the year following issue date does not contain a leap year day) and 366 (if the year following issue date does contain a leap year day).
DTM =	The number of days from date of issue to maturity for the most recently auctioned 13-week Treasury bill.
MTR =	Estimated marginal tax rate, in decimals, of purchasers of tax-exempt bonds.
TAC =	Treasury administrative costs, in decimals.

(ii) Then, you calculate the daily factor for the demand deposit rate as follows:

$$DDR = (1 + I)^{1/Y} - 1$$

(Equation 2)

(2) *Where can I find additional information?* Information on the estimated average marginal tax rate and costs for administering demand deposit SLGS securities, both to be determined by Treasury from time to time, will be published in the FEDERAL REGISTER.

(c) *What happens to demand deposit securities during a Debt Limit Contingency?* At any time the Secretary determines that issuance of obligations sufficient to conduct the orderly financing operations of the United States cannot be made without exceeding the statutory

debt limit, we will invest any unredeemed demand deposit securities in special ninety-day certificates of indebtedness. Funds invested in the ninety-day certificates of indebtedness earn simple interest equal to the daily factor in effect at the time demand deposit security issuance is suspended, multiplied by the number of days outstanding. When regular Treasury borrowing operations resume, the ninety-day certificates of indebtedness, at the owner's option, are:

- (1) Payable at maturity;
- (2) Redeemable before maturity, provided funds are available for redemption; or
- (3) Reinvested in demand deposit securities.



**Fiscal Service, Treasury**

**§ 344.9**

**§ 344.8 How do I subscribe for Demand Deposit securities?**

(a) *Where do I submit transactions?* All subscriptions for purchase, cancellation requests, changes to subscriptions and notices of redemption must be sent to DSI.

(b) *What requirements apply to subscriptions?*

(1) *What form is used to submit a subscription?* You must submit an elec-

tronic or paper Treasury form, PD F 5237, "Subscription for Purchase of U.S. Treasury Securities State and Local Government Series One-Day Certificate of Indebtedness Demand Deposit."

(2) *When is my subscription or cancellation request due in DSI?* To determine when you must send a subscription or cancellation request, follow this table:

If:	Then:
(i) The subscription is for: .....	DSI must receive a subscription (or you can cancel it without penalty):
(A) \$10 million or less, or .....	at least 5 days before the issue date of the subscription.
(B) Over \$10 million .....	at least 7 days before the issue date of the subscription.
(ii) The 5th or 7th day before the issue date is a non-business day * * *.	DSI must receive the cancellation request on the preceding business day.
(iii) DSI receives a subscription more than 60 days before the issue date * * *.	DSI will not accept a subscription.

(3) *How do I change a subscription?* You can change the principal amount to be invested without penalty on or before the issue date, but no later than 3:00 p.m., Eastern time, on the issue date. If you submit an untimely change, § 344.5(b)(4)(iv) applies.

(4) *What information must be contained on the subscription?* The subscription must:

(i) Be dated and signed by an official authorized to make the purchase;

(ii) Include the Taxpayer Identification Number of the issuer; and

(iii) Specify the principal amount to be invested and the issue date.

**§ 344.9 How do I redeem a Demand Deposit security?**

To redeem a demand deposit security, follow this section.

(a) *When must I notify DSI to redeem a security?* To determine when you must notify us, follow this table:

A security can be redeemed at the owner's option, if DSI receives a request for redemption not less than * * *.	for redemptions of * * *
(1) 1 business day before the requested redemption date.	\$10 million or less.
(2) 3 business days before the requested redemption date.	more than \$10 million.

**§ 344.10**

**31 CFR Ch. II (7-1-02 Edition)**

(b) *Can I request partial redemption of a security balance?* You may request partial redemptions in any amount. If your account balance is less than \$1,000, it must be redeemed in total.

(c) *Do I have to submit a notice of redemption?* Yes. An official authorized to redeem the securities must submit an electronic or paper Treasury form PD F 5238, "Request for Redemption of U.S. Treasury Securities State and Local Government Series One-Day Certificate of Indebtedness Demand Deposit." The notice must show the Taxpayer Identification Number of the issuer, the Treasury case number, the security number and the dollar amount of the securities to be redeemed. DSI must receive the notice by 3:00 p.m., Eastern time on the required day. You cannot cancel the notice.

**Subpart D—Special Zero Interest Securities**

**§ 344.10 What are Special Zero Interest securities?**

Special zero interest securities were issued as certificates of indebtedness

and notes. Provisions of subpart B of this part (Time Deposit Securities) apply except as specified in subpart D of this part. Special zero interest securities were discontinued on October 28, 1996. The only zero interest securities available after October 28, 1996, are zero interest time deposit securities that are subject to subpart B of this part.

**§ 344.11 How do I redeem a Special Zero Interest Security before maturity?**

Follow the provisions of § 344.6(a)-(g) except that no market charge or penalty will apply when you redeem a special zero interest security before maturity.

**APPENDIX A TO PART 344—EARLY REDEMPTION MARKET CHARGE FORMULAS AND EXAMPLES FOR SUBSCRIPTIONS FROM DECEMBER 28, 1976, THROUGH OCTOBER 27, 1996**

(a) The amount of the market charge for bonds and notes subscribed for before October 28, 1996 can be determined by the following formula:

$$M = \frac{\left(\frac{b}{2}\right) \times \left(\frac{r}{s}\right) + \left(\frac{b}{2}\right) a_{n\uparrow}}{1 + \left(\frac{r}{s}\right) \times \left(\frac{i}{2}\right)}$$

(Equation 1)

WHERE:	
M =	Market charge
b =	Increased annual borrowing cost (i.e., principal multiplied by the excess of the current borrowing rate for the period from redemption to original maturity of note or bond over the rate for the security)
r =	Number of days from redemption date to next interest payment date
s =	Number of days in current semi-annual period
i =	Treasury borrowing rate over the remaining term to maturity, based on semi-annual interest payments and expressed in decimals
n =	Number of remaining full semi-annual periods from the redemption date to the original maturity date, except that if the redemption date is on an interest payment date, n will be one less than the number of full semi-annual periods remaining to maturity
v <sup>n</sup> =	1/(1 + i/2) <sup>n</sup> = present value of 1 due at the end of n periods (Equation 2)
a <sub>n\uparrow</sub> =	(1 - v <sup>n</sup> )/(i/2) = v + v <sup>2</sup> + v <sup>3</sup> + ... + v <sup>n</sup> = present value of 1 per period for n periods (Equation 3)

- (b) The application of this formula can be illustrated by the following example:
- (1) Assume that a \$600,000 note is issued on July 1, 1985, to mature on July 1, 1995. Interest is payable at a rate of 8% on January 1 and July 1.
  - (2) Assume that the note is redeemed on February 1, 1989, and that the current borrowing rate for Treasury at that time for the remaining period of 6 years and 150 days is 11%.
  - (3) The increased annual borrowing cost is \$18,000. (\$600,000)x(11%-8%)
  - (4) The market charge is computed as follows:

$$M = \frac{(\$18,000/2) \times (150/181) + (\$18,000/2) a_{\overline{n}|}}{1 + (150/181) (.11/2)}$$

(Equation 4)

$$M = \frac{(\$7,458.56) + (\$9,000) a_{\overline{n}|}}{1.045580111}$$

(Equation 5)

$$M = \frac{(\$7,458.56) + (\$9,000) \times \left[ \frac{1 - \frac{1}{(1+.11/2)^{12}}}{(.11/2)} \right]}{1.045580111}$$

(Equation 6)

$$M = \frac{(\$7,458.56) + (\$9,000) (8.618517849)}{1.045580111}$$

(Equation 7)

$$M = \frac{(\$7,458.56) + (\$77,566.66)}{1.045580111}$$

(Equation 8)

$$M = \$81,318.71$$

(Equation 9)

(c) The amount of the market charge for certificates of indebtedness subscribed for before October 28, 1996 can be determined by the following formula:

$$M = \frac{(b) \left(\frac{r}{s}\right)}{1 + \frac{r}{s} (i)}$$

(Equation 10)

WHERE:	
M =	Market charge
b =	Increased borrowing cost for full period
r =	Number of days from redemption date to original maturity date
s =	Number of days in current annual period (365 or 366)
i =	Current borrowing rate expressed in decimals (discount factor)

(d) The application of this formula can be illustrated by the following example:

(1) Assume that a \$50,000 certificate of indebtedness is issued on March 1, 1987, to mature on November 1, 1987. Interest is payable at a rate of 10%.

(2) Assume that the certificate of indebtedness is redeemed on July 1, 1987, and that the current borrowing cost to Treasury for the 123-day period from July 1, 1987, to November 1, 1987, is 11.8%.

(3) The increased annual borrowing cost is \$900. (\$50,000 x (11.8%-10%))

(4) The market charge is computed as follows:

$$M = \frac{\$900 \left(\frac{123}{365}\right)}{1 + \left(\frac{123}{365}\right) (.118)} =$$

(Equation 11)

$$\frac{\$303.29}{1.039764384} =$$

(Equation 12)

\$291.69

(Equation 13)

APPENDIX B TO PART 344—FORMULA FOR DETERMINING REDEMPTION VALUE FOR SECURITIES SUBSCRIBED FOR AND EARLY-REDEEMED ON OR AFTER OCTOBER 28, 1996

(a) This formula results in a premium or discount to the issuer depending on whether the current Treasury borrowing rate at the time of early redemption is lower or higher

**Pt. 344, App. B**

**31 CFR Ch. II (7-1-02 Edition)**

than the stated interest rate of the early-redeemed SLGS security. The total redemption value for bonds and notes can be determined by the following two steps. First, calculate accrued interest payable in accordance with §344.6(d)(1) using the following formula:

$$AI = \left[ \frac{(s-r)}{s} \right] \times \left( \frac{C}{2} \right)$$

(Equation 14)

Second, calculate the redemption value per §344.6(d)(2) using the following formula:

$$RV = \frac{\left( \frac{C}{2} \right) + \left( \frac{C}{2} \right) a_{n|} + F(v^n)}{1 + \left( \frac{r}{s} \right) \times \left( \frac{i}{2} \right)} - AI$$

(Equation 15)

WHERE:	
RV =	Redemption value
F =	Face amount redeemed
AI =	Accrued interest = [(s-r)/s] x (C/2)
r =	Number of days from redemption date to next interest payment date
s =	Number of days in current semi-annual period
i =	Treasury borrowing rate over the remaining term to maturity, based on semi-annual interest payments and expressed in decimals
C =	The regular annual interest
n =	Number of remaining full semi-annual periods from the redemption date to the original maturity date, except that, if the redemption date is an interest payment date, n will be one less than the number of full semi-annual periods remaining to maturity
v <sup>n</sup> =	1/(1 + i/2) <sup>n</sup> = present value of 1 due at the end of n periods
a <sub>n </sub> =	(1 - v <sup>n</sup> )/(i/2) = v + v <sup>2</sup> + v <sup>3</sup> + ... + v <sup>n</sup> = present value of 1 per period for n periods

(b) The application of this formula can be illustrated by the following examples:

(1) The first example is for a redemption at a premium.

(i) Assume that an \$800,000 2-year note is issued on December 10, 1996, to mature on December 10, 1998. Interest is payable at a rate of 7% on June 10 and December 10.

(ii) Assume that the note is redeemed on October 21, 1997, and that the current borrowing rate for Treasury at that time for the remaining period of 1 year and 50 days is 6.25%.

(iii) The redemption value is computed as follows. First, the accrued interest payable is calculated as:

$$AI = \left( \frac{183 - 50}{183} \right) \times \left( \frac{\$56,000}{2} \right)$$

(Equation 16)

$$AI = \left( \frac{133}{183} \right) \times \$28,000$$

(Equation 17)

$$AI = \$20,349.73$$

(Equation 18)

$$RV = \frac{\left( \frac{\$56,000}{2} \right) + \left( \frac{\$56,000}{2} \right) a_{n|} + \$800,000v^n}{1 + \left( \frac{50}{183} \right) \left( \frac{.0625}{2} \right)} - AI$$

(Equation 19)

Then, the redemption value is calculated as:

$$RV = \frac{\left(\frac{\$56,000}{2}\right) + \left(\frac{\$56,000}{2}\right) \left[ \frac{1 - \left(\frac{1}{\left(1 + \frac{.0625}{2}\right)^2}\right)}{\left(\frac{.0625}{2}\right)} \right] + \$800,000 \left[ \frac{1}{\left(1 + \frac{.0625}{2}\right)^2} \right]}{1 + \left(\frac{50}{183}\right) \times \left(\frac{.0625}{2}\right)} - AI$$

(Equation 20)

$$RV = \frac{\$28,000 + (\$28,000)(1.9100092) + (\$800,000)(0.94031221)}{1.008538251} - AI$$

(Equation 21)

$$RV = \frac{\$28,000 + \$53,480.26 + \$752,249.77}{1.008538251} - AI$$

(Equation 22)

$$RV = \frac{\$833,730.03}{1.008538251} - AI$$

(Equation 23)

$$RV = \$826,671.70 - \$20,349.73$$

(Equation 24)

$$RV = \$806,321.97$$

(Equation 25)

(2) The second example is for a redemption at a discount and it uses the same assumptions as the first example, except the current Treasury borrowing cost is assumed to be 8.00%:

(i) Assume that an \$800,000 2-year note is issued on December 10, 1996, to mature on

December 10, 1998. Interest is payable at a rate of 7% on June 10 and December 10.

(ii) Assume that the note is redeemed on October 21, 1997, and that the current borrowing rate for Treasury at that time for the remaining period of 1 year and 50 days is 8.00%.



**Fiscal Service, Treasury**

**Pt. 344, App. B**

(iii) The redemption value is computed as follows.

First, the accrued interest payable is calculated as:

$$AI = \left( \frac{183 - 50}{183} \right) \times \left( \frac{\$56,000}{2} \right)$$

(Equation 26)

$$AI = \left( \frac{133}{183} \right) \times \$28,000$$

(Equation 27)

$$AI = \$20,349.73$$

(Equation 28)

Then, the redemption value is calculated as:

$$RV = \frac{\left( \frac{\$56,000}{2} \right) + \left( \frac{\$56,000}{2} \right) a_{n|} + \$800,000v^n}{1 + \left( \frac{50}{183} \right) \left( \frac{.0800}{2} \right)} - AI$$

(Equation 29)

$$RV = \frac{\left(\frac{\$56,000}{2}\right) + \left(\frac{\$56,000}{2}\right) \left[ \frac{1 - \left(\frac{1}{1 + \frac{.0800}{2}}\right)^2}{\left(\frac{.0800}{2}\right)} \right] + \$800,000 \left[ \frac{1}{1 + \frac{.0800}{2}} \right]}{1 + \left(\frac{50}{183}\right) \times \left(\frac{.0800}{2}\right)} - AI$$

(Equation 30)

$$RV = \frac{\$28,000 + (\$28,000)(1.8860947) + (\$800,000)(0.92455621)}{1.010928962} - AI$$

(Equation 31)

$$RV = \frac{\$28,000 + \$52,810.65 + \$739,644.97}{1.010928962} - AI$$

(Equation 32)

$$RV = \frac{\$820,455.62}{1.010928962} - AI$$

(Equation 33)

$$RV = \$811,585.83 - \$20,349.73$$

(Equation 34)

$$RV = \$791,236.10$$

(Equation 35)

(c) The total redemption value for certificates of indebtedness can be determined by the following two steps. First, calculate accrued interest payable in accordance with §344.6(d)(1) using the following formula:

$$AI = \left[ \frac{(d-r)}{Y} \right] \times C$$

(Equation 36)

Second, calculate the redemption value per §344.6(d)(2) using the following equation:

$$RV = \frac{\left(\frac{d}{y}\right) \times (C) + F}{1 + \left(\frac{r}{y}\right) \times (i)} - AI$$

(Equation 37)

WHERE:	
RV =	Redemption value
F =	Face amount redeemed
AI =	Accrued interest = [(d-r)/y] x C
d =	Number of days from original issue of the certificate of indebtedness to its maturity date
r =	Number of days from redemption date to the certificate of indebtedness' maturity date
y =	365, if the number of days in the year following issue of the certificate of indebtedness does not include a leap year day; 366, if the number of days following issue of the certificate of indebtedness does include a leap year day
i =	Treasury borrowing rate over the remaining term to maturity, expressed in decimals
C =	The regular annual interest

(d) The application of this formula can be illustrated by the following examples.

(1) First, for a redemption at a premium:

(i) Assume that a \$300,000 security is issued on December 5, 1996, to mature in 151 days on May 5, 1997. Interest at a rate of 5% is payable at maturity.

(ii) Assume that the security is redeemed on April 9, 1997, and that the current borrowing rate for Treasury at that time for the remaining period of 26 days is 4.00%.

(iii) The redemption value is computed as follows.

First, the accrued interest payable is calculated as:

$$AI = \left( \frac{151 - 26}{365} \right) \times \$15,000$$

(Equation 38)

$$AI = \left( \frac{125}{365} \right) \times \$15,000$$

(Equation 39)

$$AI = \$5,136.99$$

(Equation 40)

Then, the redemption value is calculated as:

$$RV = \frac{\left(\frac{151}{365}\right) \times \$15,000 + \$300,000}{1 + \left(\frac{26}{365}\right)(.0400)} - AI$$

(Equation 41)

$$RV = \frac{\$6,205.48 + \$300,000}{1.002849315} - AI$$

(Equation 42)

$$RV = \frac{\$306,205.48}{1.002849315} - AI$$

(Equation 43)

$$RV = \$305,335.48 - \$5,136.99$$

(Equation 44)

$$RV = \$300,198.49$$

(Equation 45)

(2) Secondly, for a redemption at a discount:

(i) Assume that a \$300,000 security is issued on December 5, 1996, to mature in 151 days on May 5, 1997. Interest at a rate of 5% is payable at maturity.

(ii) Assume that the security is redeemed on April 9, 1997, and that the current borrowing rate for Treasury at that time for the remaining period of 26 days is 6.25%.

(iii) The redemption value is computed as follows.

First, the accrued interest payable is calculated as:

$$AI = \left( \frac{151-26}{365} \right) \times \$15,000$$

(Equation 46)

$$AI = \left( \frac{125}{365} \right) \times \$15,000$$

(Equation 47)

$$AI = \$5,136.99$$

(Equation 48)

Then, the redemption value is calculated as:

$$RV = \frac{\left(\frac{151}{365}\right) \times \$15,000 + \$300,000}{1 + \left(\frac{26}{365}\right)(.0625)} - AI$$

(Equation 49)

$$RV = \frac{\$6,205.48 + \$300,000}{1.004452055} - AI$$

(Equation 50)

$$RV = \frac{\$306,205.48}{1.004452055} - AI$$

(Equation 51)

$$RV = \$304,848.28 - \$5,136.99$$

(Equation 52)

$$RV = \$299,711.29$$

(Equation 53)

**PART 345—REGULATIONS GOVERNING 5 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS—R.E.A. SERIES**

- Sec.  
 345.0 Offering of certificates.  
 345.1 Description of certificates.  
 345.2 Subscription for purchase.  
 345.3 Issue date and payment.  
 345.4 Redemption/reinvestment.  
 345.5 Taxation.  
 345.6 General provisions.

AUTHORITY: 31 U.S.C. 754 and 754b; 5 U.S.C. 301.

SOURCE: 38 FR 35306, Dec. 27, 1973, unless otherwise noted.

**§ 345.0 Offering of certificates.**

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, offers to borrowers from the Rural Electrification Administration and Rural Telephone Bank, U.S. Department of Agriculture, 5 Percent Treasury Certificates of Indebtedness—R.E.A. Series. This offering will continue until terminated by the Secretary of the Treasury.

**§ 345.1 Description of certificates.**

(a) *General.* The certificates of indebtedness will be issued in book-entry form on the books of the Department of the Treasury, Bureau of the Public Debt, Washington, DC 20226. They may not be transferred by sale, exchange, assignment or pledge, or otherwise.

(b) *Terms and rates of interest.* The certificates, bearing interest at the rate of 5 percent per annum, will be issued in multiples of \$1,000 and will mature one year from issue date. Interest on the certificates will be computed on an annual basis and, unless redeemed prior to maturity, will be payable six months from issue date and at maturity. Interest may be paid to an owner by having the amount thereof credited by a Federal Reserve Bank or Branch, acting as fiscal agent of the United States, to the reserve account of a member bank servicing such owner and for the latter's account. Such action will be taken at the owner's option. If not exercised, payment of interest will be made by Treasury check.

[38 FR 35306, Dec. 27, 1973, as amended at 40 FR 29846, July 16, 1975]

**§ 345.2 Subscription for purchase.**

The recipient of a 5 percent loan from the Rural Electrification Administration or Rural Telephone Bank may subscribe for certificates under this offering, up to the amount of the unexpended portion of the loan, by submitting a subscription, together with the remittance, to the Federal Reserve Bank or Branch of the district in which the subscriber is located. The subscription form must show the amount of certificates desired, and give the title of the designated official of the subscriber authorized to redeem them.

[40 FR 29846, July 16, 1975]

**§ 345.3 Issue date and payment.**

The issue date of a certificate shall be the date on which the subscription form, and funds in full payment therefor, are received by the office described in § 345.2. A confirmation of the issuance, in the form of a written advice, which shall specify the amount and describe the certificates by title and maturity date, shall be issued to the subscriber.

**§ 345.4 Redemption/reinvestment.**

(a) *At maturity.* A certificate may not be called for redemption by the Secretary of the Treasury prior to maturity except when the amount of the unexpended portion of the loan from the Rural Electrification Administration or Rural Telephone Bank is less than the face amount of the certificate. Unless the Treasury has received from the owner, at least one week prior to the maturity date of a certificate, a written request for payment at maturity, it shall automatically redeem the same at maturity, and reinvest in the owner's name the principal amount in a new certificate having the same description in all material respects as the one redeemed. No such automatic reinvestment shall be made, however, in excess of the amount of the unexpended portion of the loan from the Rural Electrification Administration or the Rural Telephone Bank.

(b) *Prior to maturity.* A certificate may be redeemed prior to maturity at par and accrued interest at the owner's option on one week's notice in writing after one month from the issue date. A



## Fiscal Service, Treasury

## § 346.1

certificate issued upon reinvestment, as provided in paragraph (a) of this section, shall not be subject to the one-month holding period. A notice to redeem a certificate prior to its maturity date must be given by the official authorized to redeem it, as shown in the subscription for purchase, to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226, by letter or wire.

### § 345.5 Taxation.

The income derived from the certificates is subject to all taxes imposed under the Internal Revenue Code of 1954. The certificates are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State or any of the possessions of the United States, or by any local taxing authority.

[40 FR 29846, July 16, 1975]

### § 345.6 General provisions.

(a) *Regulations.* Five Percent Treasury Certificates of Indebtedness—R.E.A. Series shall be subject to the general regulations with respect to United States securities, which are set forth in the Department of the Treasury Circular No. 300, current revision (31 CFR part 306), to the extent applicable. Copies of the circular may be obtained from the Bureau of the Public Debt, Department of the Treasury, Washington, DC 20226, or a Federal Reserve Bank or Branch.

(b) *Reservations.* The Secretary of the Treasury reserves the right to reject any application for the purchase of certificates hereunder, in whole or in part, and to refuse to issue or permit to be issued any such certificates in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. The Secretary of the Treasury may also at any time, or from time to time, supplement or amend the terms of these regulations, or of any amendments or supplements thereto.

[38 FR 35306, Dec. 27, 1973. Redesignated at 40 FR 29846, July 16, 1975]

## PART 346—REGULATIONS GOVERNING UNITED STATES INDIVIDUAL RETIREMENT BONDS

### Sec.

- 346.0 Offering of bonds.
- 346.1 Description of bonds.
- 346.2 Registration.
- 346.3 Purchase of bonds.
- 346.4 Proof of purchase.
- 346.5 Limitation on holdings.
- 346.6 Nontransferability.
- 346.7 Judicial proceedings.
- 346.8 Payment or redemption during lifetime of owner.
- 346.9 Payment or redemption after death of owner.
- 346.10 Reissue.
- 346.11 Use of power of attorney.
- 346.12 Lost, stolen, or destroyed bonds.
- 346.13 Taxation.
- 346.14 Certifying officers.
- 346.15 General provisions.

### APPENDIX TO PART 346—TABLES

AUTHORITY: Sec. 2002, Pub. L. 93-406, 88 Stat. 958 (31 U.S.C. 738a, 752, 754b); 5 U.S.C. 301.

SOURCE: 40 FR 4240, Jan. 28, 1975, unless otherwise noted.

### § 346.0 Offering of bonds.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to the Employee Retirement Income Security Act of 1974, offers for sale, beginning January 1, 1975, bonds of the United States, designated as United States Individual Retirement Bonds. The bonds will be available for investment only to individuals eligible to make deductions on their Federal income tax returns for retirement savings, as provided in section 2002 of the latter Act. This offering of bonds will terminate on April 30, 1982.

[40 FR 4240, Jan. 28, 1975, as amended at 47 FR 18596, Apr. 30, 1982]

### § 346.1 Description of bonds.

(a) *Investment yield (interest).* United States Individual Retirement Bonds, hereinafter sometimes referred to as Individual Retirement Bonds, will be issued at par. The investment yields (interest) are as follows:

(1) Bonds with issue dates of January 1, 1975, through July 1, 1979—6 percent per annum, compounded semiannually

### § 346.2

(see Table of Redemption Values in the appendix).

(2) Bonds with issue dates of August 1, 1979, through October 1, 1980—6.5 percent per annum, compounded semiannually (see Table A in the appendix).

(3) Bonds with issue dates of November 1, 1980, through September 1, 1981—8 percent per annum, compounded semiannually (see Table B).

(4) Bonds with issue dates of October 1, 1981, or thereafter—9 percent per annum, compounded semiannually (see Table C).

Interest will be paid only upon redemption of the bonds. The accrual of interest will continue until the bonds are redeemed or have reached maturity, whichever is earlier, in accordance with these regulations.

(b) *Term.* The maturity date of any bond issued under this circular shall be the first day of the month in which the registered owner thereof has attained the age of 70½ years, or five years after the date of his death, but no later than the first day of the month in which he would have attained the age of 70½ years, if he had lived. Unless sooner redeemed in accordance with these regulations, the investment yield on a bond will cease on the interest accrual date coinciding with, or, where no such coincidence occurs, the interest accrual date next preceding:

(1) The first day of the seventh (7th) month following the 70th anniversary of the birth of the person in whose name it is registered, or

(2) The first day of the sixtieth (60th) month following the date of death of the person in whose name it is registered, except that such date shall be no later than the date on which he would have attained the age of 70½ years, had he lived.

(c) *Denominations—issue date.* Individual Retirement Bonds will be available only in registered form and in denominations of \$50, \$75, \$100 and \$500. At the time of issue, the issuing agent will enter in the upper right-hand portion of the bond the *issue date* (which shall be the first day of the month and year in which payment of the purchase price is received by an authorized issuing agent), and will imprint the agent's validating stamp in the lower right-hand portion. The issue date, as

### 31 CFR Ch. II (7-1-02 Edition)

distinguished from the date in the agent's validating stamp, will determine the date from which interest will begin to accrue on the bond. An Individual Retirement Bond shall be valid only if an authorized issuing agent receives payment therefor, duly inscribes, dates, stamps, and delivers it.

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977; 46 FR 60577, Dec. 11, 1981]

### § 346.2 Registration.

(a) *General.* The registration of Individual Retirement Bonds is limited to the names of natural persons in their own right, whether adults or minors, in either single ownership or beneficiary form. A bond registered in the beneficiary form will be inscribed substantially as follows (for example): "John A. Doe payable on death to (or P.O.D.) Richard B. Roe." No more than one beneficiary may be designated on a bond.

(b) *Inscription.* The inscription on the face of each bond will show the name, address, date of birth, and the social security account number of the registered owner. The name of the beneficiary, if one is to be designated, together with his social security account number, where available, will also be shown in the inscription.

### § 346.3 Purchase of bonds.

(a) *Agencies.* Individual Retirement Bonds may be purchased over-the-counter or by mail from Federal Reserve Banks and Branches and the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226. Customers of commercial banks and trust companies may be able to arrange for the purchase of the bonds through such institutions, but only the Federal Reserve Banks and Branches, and the Department of the Treasury itself, are authorized to issue the securities. The date of receipt of the application and payment by such issuing agencies will govern the dating of the bonds issued.

(b) *Applications.* Applications for the purchase of Individual Retirement Bonds should be made on Form PD 4345, accompanied by a remittance to cover the purchase price. Personal

checks will be accepted, subject to collection. Checks, or other forms of exchange, should be drawn to the order of the Federal Reserve Bank or the U.S. Treasury, as the case may be. Checks payable by endorsement are not acceptable.

(c) *Delivery.* Delivery of bonds will be made in person, or by mail at the risk and expense of the United States at the address given by the purchaser, but only within the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. No mail deliveries elsewhere will be made. If the registered owner temporarily resides abroad, the bonds will be delivered to such address in the United States as the purchaser directs.

#### § 346.4 Proof of purchase.

At the time an Individual Retirement Bond is issued, the issuing agent will furnish therewith to the purchaser a copy of Form PD 4345 for the purchaser's personal records. The form will show the name and address of the registered owner, his date of birth, social security account number, the number of bonds issued, a description thereof by issue date, serial numbers, denominations, and registration.

#### § 346.5 Limitation on holdings.

(a) Except as provided in paragraph (b) of this section, the amount of Individual Retirement Bonds which may be registered in any one individual's name is limited to the amount for which an annual deduction may be taken under either section 219 or 220 of the Internal Revenue Code.<sup>1</sup> These limitations are as follows:

(1) In the case of an individual electing to deduct his or her bond purchase under section 219, the face amount of bonds purchased for tax deduction in any given year may not exceed 15 percent of the individual's earned income for that year or \$1,500, whichever is less.

(2) In the case of an individual electing to deduct his or her bond purchases under section 220, the total face

<sup>1</sup>NOTE: Under the Internal Revenue Code, bonds issued during any given year or within 45 days thereafter may be deducted in that year.

amount of bonds purchased for tax deduction in any given year in the name of the individual and in the name of his or her nonworking spouse, may not exceed 15 percent of the working spouse's earned income for that year or \$1,750, whichever is less.<sup>2</sup>

(b) The above limitations do not apply to rollover bond purchases, as described in sections 402(a)(5), 403(a)(4), or 408(d)(3) of the Internal Revenue Code.

(26 U.S.C. 220 and 31 U.S.C. 757)

[42 FR 37520, July 21, 1977]

#### § 346.6 Nontransferability.

United States Individual Retirement Bonds are not transferable, and may not be sold, discounted or pledged as collateral for a loan or as security for the performance of an obligation, or for any other purpose.

#### § 346.7 Judicial proceedings.

No judicial determination will be recognized which would give effect to an attempted voluntary transfer *inter vivos* of an Individual Retirement Bond. Otherwise, a claim against a registered owner will be recognized when established by valid judicial proceedings, but in no case will payment be made to the purchaser at a sale under a levy or to the officer authorized to levy upon the property of the owner under appropriate process to satisfy a money judgment unless or until the bond has become eligible for authorized redemption pursuant to these regulations. Neither the Department of the Treasury nor any of its agencies will accept notices of adverse claims or of pending judicial proceedings or undertake to protect the interests of litigants who do not have possession of the bond.

<sup>2</sup>NOTE: Code section 220 requires, in effect, that the total IRA contributions in each spouse's name to be deducted in any one year be in equal amounts. While it is permissible for an eligible married couple to utilize several different forms of IRA investments within the same year, this means that couples investing solely in bonds must purchase equal amounts of bonds in each spouse's name.

**§ 346.8 Payment or redemption during lifetime of owner.**

(a) *During first 12 months of issue date.* An Individual Retirement Bond is redeemable at any time during the first twelve (12) months of its issue date. No interest will be paid on any bond so redeemed.

(b) *Prior to age 59½—(1) With penalty.* Unless redeemed within twelve months of its issue, or except as provided under paragraphs (b)(2) and (c)(2) of this section, if an Individual Retirement Bond is cashed by its owner before he attains age 59½, he must include on his Federal income tax return for the year of redemption the value of the bond. In addition, there is an additional income tax equal to 10 percent of the value of the bond imposed by section 409(c) of the Internal Revenue Code of 1954.

(2) *In case of disability.* An Individual Retirement Bond will be paid at its then current redemption value upon a registered owner's request (or by a person recognized as entitled to act on his behalf) prior to his attainment of age 59½ years upon submission of a physician's statement or any similar evidence showing that the owner has become disabled to such an extent that he is unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. The following are examples of impairments which would ordinarily be considered as preventing substantial, gainful activity:

- (i) Loss of use of two limbs.
- (ii) Certain progressive diseases which have resulted in the physical loss or atrophy of a limb, such as diabetes, multiple sclerosis, or Buerger's disease.
- (iii) Disease of the heart, lungs, or blood vessels which have resulted in major loss of heart or lung reserve as evidenced by X-ray, electrocardiogram, or other objective findings, so that despite medical treatment breathlessness, pain, or fatigue is produced on slight exertion, such as walking several blocks, using public transportation, or doing small chores.
- (iv) Cancer which is inoperable and progressive.

(v) Damage to the brain or brain abnormality which has resulted in severe loss of judgment, intellect, orientation, or memory.

(vi) Mental diseases (*e.g.*, psychosis or severe psychoneurosis) requiring continued institutionalization or constant supervision of the individual.

(vii) Loss or diminution of vision to the extent that the effected individual has a central visual acuity of not better than 20/200 in the better eye after best correction, or has a limitation in the fields of vision such that the widest diameter of the visual fields subtends an angle no greater than 20 degrees.

(viii) Permanent and total loss of speech.

(ix) Total deafness uncorrectible by a hearing aid.

In any case coming under the provisions hereof, the evidence referred to above must be submitted to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101, for approval before any bonds may be paid. If, after review of the evidence, the Secretary of the Treasury is satisfied that the owner's disability has been established a letter will be furnished authorizing payment of his Individual Retirement Bonds. This letter must be presented each time any of the owner's bonds are submitted for payment to a Federal Reserve Bank or Branch or to the Department of the Treasury.

(c) *Prior to age 70½—(1) General.* An Individual Retirement Bond will be redeemable at its current redemption value upon the request of the registered owner (or a person recognized as entitled to act on his behalf), provided he is 59½ years of age or older. The owner's age will be determined from the date of birth shown on the face of the bond, provided, however, that the Secretary of the Treasury reserves the right in any case or class of cases to require proof, in the form of a duly certified copy of his birth certificate, that the owner has attained the age of 59½ years. If such evidence is unavailable, one of the following documents may be furnished in lieu thereof:

- (i) Church records of birth or baptism
- (ii) Hospital birth record or certificate

(iii) Physician's or midwife's birth record

(iv) Certification of Bible or other family records

(v) Military, naturalization or immigration records

(vi) Other evidence of probative value.

Similar documentary evidence will also be required to support any claim made by an owner that the date of birth shown on his bond is incorrect.

(2) *For change of investment.* Under section 409(b)(3)(c) of the Internal Revenue Code, if an Individual Retirement Plan Bond is cashed at any time before the end of the taxable year in which the owner attains age 70½, and the entire redemption proceeds are transferred to an individual retirement account, an individual annuity, an employees' trust, or annuity plan, as described in sections 408(a), 408(b), 401(a) and 403(a), respectively, of the Internal Revenue Code, on or before the 60th day after receipt of such proceeds, they shall be excluded from gross income and the transfer shall be treated as a rollover contribution described in section 408(d)(3) of the Internal Revenue Code.

(d) *Requests for payment—(1) By owner.* When redemption of any Individual Retirement Bond is desired by the registered owner, it should be presented, with the request for payment on the back of the bond signed and duly certified, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226. If payment is requested on account of disability, the letter described in paragraph (b)(2) of this section should accompany the bond.<sup>3</sup>

(2) *By person other than owner.* When redemption of any Individual Retirement Bond is desired by the legal guardian, committee, conservator, or

similar representative of the owner's estate, it should be presented, with the request signed as described below, to a Federal Reserve Bank or Branch or to the Department of the Treasury. If payment is requested on account of disability, the letter described in paragraph (b) (2) of this section should accompany the bond.<sup>3</sup>The request for payment, in either case, should be signed by the representative in his fiduciary capacity before an authorized certifying officer, and must be supported by a certificate or a certified copy of the letters of appointment from the court making the appointment, under seal, or other proof of qualification if the appointment was not made by a court. Except in the case of corporate fiduciaries, such evidence should state that the appointment is in full force and should be dated not more than one year prior to the presentation of the bond for payment.

(e) *Partial redemption.* An Individual Retirement Bond in a denomination greater than \$50 (face value), which is otherwise eligible for redemption, may be redeemed in part, at current redemption value, upon the request of the registered owner (or a person recognized as entitled to act on his behalf), but only in amounts corresponding to authorized denominations. In any case in which partial redemption is desired, before the request for payment is signed, the phrase "to the extent of \$\_\_\_ (face value) and reissue of the remainder" should be appended to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date. No partial redemption of a bond will be made after the death of the owner in whose name it is registered.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

#### § 346.9 Payment or redemption after death of owner.

(a) *Order of precedence where owner not survived by beneficiary.* If the registered owner of an Individual Retirement Bond dies before it has been presented and surrendered for payment, and there is no beneficiary shown thereon, or if the designated beneficiary predeceased the owner, the bond

<sup>3</sup>In any case in which a legal representative has not been appointed for the estate of a registered owner who has attained the age of 59½ years, or who has become disabled, a person seeking payment of a bond on the owner's behalf should furnish a complete statement of the circumstances to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226. Appropriate instructions will then be furnished.

**§ 346.10**

**31 CFR Ch. II (7-1-02 Edition)**

shall be paid in the following order of precedence:

(1) To the duly appointed executor or administrator of the estate of the owner, who should sign the request for payment on the back of the bond in his representative capacity before an authorized certifying officer, such request to be supported by a court certificate or a certified copy of his letters of appointment, under seal of the court, which should show that the appointment is in full force and effect, and be dated within six months of its presentation;

(2) If no legal representative of the deceased registered owner's estate has been or will be appointed, to the widow or widower of the owner;

(3) If none of the above, to the child or children of the owner and the descendants of deceased children by representation;

(4) If none of the above, to the parents of the owner, or the survivor of them;

(5) If none of the above, to other next-of-kin of the owner, as determined by the laws of the domicile of such owner at the time of his death.

In any case coming under the provisions of this paragraph, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary, if any, will be required where he predeceased the owner. Payment of bonds under paragraph (a)(1) of this section will be made by a Federal Reserve Bank or by the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226. Payment of bonds under paragraphs (a) (2) through (5) of this section will be made upon receipt of applications on Form PD 3565-1, together with the bonds and supporting evidence, by the Bureau of the Public Debt, Division Transactions and Rulings, Parkersburg, WV 26101.

(b) *Order of precedence where beneficiary survived owner.* If the registered owner of an Individual Retirement Bond dies before it has been presented and surrendered for payment, and the beneficiary shown thereon survived the owner, the bond shall be paid in the following order of precedence:

(1) To the designated beneficiary upon his presentation and surrender of

the bond with the request for payment signed and duly certified;

(2) If the designated beneficiary survived the registered owner but failed to present the bond for payment during his own lifetime, payment will be made in the order of precedence specified in paragraphs (a) (1) through (5) of this section to the legal representative, surviving spouse, children, parents, or next-of-kin of such beneficiary, and in the manner provided therein.

In any case coming under the provisions of this subsection, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary will also be required where he survived the owner but failed to present the bond for payment during his own lifetime. Payment of a bond to a designated beneficiary will be made by a Federal Reserve Bank or by the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226.

(c) *Ownership of redemption proceeds.* The orders of precedence set forth in paragraphs (a) and (b) of this section, except in cases where redemption is made for the account of a registered owner, are for the Department's convenience in discharging its obligation on an Individual Retirement Bond. The discharge of the obligation in accordance therewith shall be final so far as the Department is concerned, but those provisions do not otherwise purport to determine ownership of the redemption proceeds of a bond.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

**§ 346.10 Reissue.**

(a) *Addition or change of beneficiary.* An Individual Retirement Bond will be reissued to add a beneficiary in the case of a single ownership bond, or to eliminate or substitute a beneficiary in the case of a bond registered in beneficiary form upon the owner's request on Form PD 3564. No consent will be required to support any reissue transaction from a beneficiary whose name is to be removed from the registration of an Individual Retirement Bond. If the registered owner dies after the

bond has been presented and surrendered for reissue, upon receipt of notice thereof by the agency to which the request for reissue was submitted, such request shall be treated as ineffective, provided the notice of death is received by the Federal Reserve Bank or the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101, to which the request was sent, in sufficient time to withhold delivery, by mail or otherwise, of the reissued bond.

(b) *Error in issue—change of name.* Reissue of an Individual Retirement Bond will be made where an error in issue has occurred, as well as in cases where the owner's name has been changed by marriage, divorce, annulment, order of court, or in any other legal manner upon an appropriate request. Information as to the procedure to be followed in securing such reissue may be obtained from a Federal Reserve Bank or the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

#### § 346.11 Use of power of attorney.

No designation of an attorney, agent, or other representative to request payment or reissue on behalf of the owner, beneficiary, or other person entitled under § 346.9, other than as provided in these regulations, will be recognized.

#### § 346.12 Lost, stolen, or destroyed bonds.

If an Individual Retirement Bond is lost, stolen, or destroyed, relief will be granted upon identification of the bond and proof of its loss, theft, or destruction. A description of the bond by denomination, serial number, issue date and registration should be furnished at the time the report of loss, theft, or destruction is made. Such reports should be sent to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101. Full instructions for obtaining substitute

bonds, or payment, in appropriate cases, will then be given.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

#### § 346.13 Taxation.

The tax treatment provided under section 409 of the Internal Revenue Code of 1954, as amended, shall apply to all Individual Retirement Bonds. The bonds are subject to estate, inheritance, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, municipality, or any local taxing authority. Inquiry concerning the application of any Federal tax to these bonds should be directed to the District Director of Internal Revenue for the district in which the taxpayer resides.

#### § 346.14 Certifying officers.

Officers authorized to certify requests for payment or for any other transaction involving Individual Retirement Bonds include:

(a) *Post offices.* Any postmaster, acting postmaster, or inspector-in-charge, or other post office official or clerk designated for that purpose. A post office official or clerk, other than a postmaster, acting postmaster, or inspector-in-charge, should certify in the name of the postmaster or acting postmaster, followed by his own signature and official title. Signatures of these officers should be authenticated by a legible imprint of the post office dating stamp.

(b) *Banks and trust companies.* Any officer of a Federal Reserve Bank or Branch, or of a bank or trust company chartered under the laws of the United States or those of any State, Commonwealth, or Territory of the United States, as well as any employees of such bank or trust company expressly authorized to act for that purpose, who should sign over the title "Designated Employee." Certifications by any of these officers or designated employees should be authenticated by either a legible imprint of the corporate seal,

or, where the institution is an authorized issuing agent for United States Savings Bonds, Series E, by a legible imprint of its dating stamp.

(c) *Issuing agents of Series E savings bonds.* Any officer of a corporation or any other organization which is an authorized issuing agent for United States Savings Bonds, Series E. All certifications by such officers must be authenticated by a legible imprint of the issuing agent's dating stamp.

(d) *Foreign countries.* In a foreign country requests may be signed in the presence of and be certified by any United States diplomatic or consular representative, or the manager or other officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Department of the Treasury. If such an officer is not available, requests may be signed in the presence of and be certified by a notary or other officer authorized to administer oaths, but his official character and jurisdiction should be certified by a United States diplomatic or consular officer under seal of his office.

(e) *Special provisions.* The Commissioner of the Public Debt, or his delegate, or any Federal Reserve Bank or Branch is authorized to make special provision for certification in any particular case or class of cases where none of the officers authorized above is readily accessible.

**§ 346.15 General provisions.**

(a) *Regulations.* All Individual Retirement Bonds shall be subject to the general regulations prescribed by the Secretary with respect to United States securities, which are set forth in Department of the Treasury Circular No. 300, current revision, to the extent applicable. Copies of the general regulations may be obtained upon request from any Federal Reserve Bank or the Department of the Treasury.

(b) *Reservation as to issue of bonds.* The Secretary of the Treasury reserves the right to reject any application for the purchase of Individual Retirement Bonds, in whole or in part, and to refuse to issue or permit to be issued any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

(c) *Additional requirements.* In any case or any class of cases arising under this circular, the Secretary of the Treasury may require such additional evidence as may in his judgment be necessary, and may require a bond of indemnity, with or without surety, where he may consider such bond necessary for the protection of the United States.

(d) *Waiver of requirements.* The Secretary of the Treasury reserves the right, in his discretion, to waive or modify any provision or provisions of this circular in any particular case or class of cases for the convenience of the United States, or in order to relieve any person or persons of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and he is satisfied that such action would not subject the United States to any substantial expense or liability.

(e) *Fiscal agents.* Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, reissue, and payment of Individual Retirement Bonds.

(f) *Reservation as to terms of circular.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this circular, or any amendments or supplements thereto.



APPENDIX TO PART 346—TABLES

TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JANUARY 1, 1975

NOTE: This table shows how Individual Retirement Bonds bearing issue dates on or after January 1, 1975, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 6 pct/annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of §346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50.00	\$75.00	\$100.00	\$500.00
1st .....	\$50.00	\$75.00	\$100.00	\$500.00
1 to 1½ .....	53.05	79.57	106.10	530.50
1½ to 2 .....	54.64	81.95	109.28	546.40
2 to 2½ .....	56.28	84.41	112.56	562.80
2½ to 3 .....	57.96	86.95	115.92	579.60
3 to 3½ .....	59.70	89.55	119.40	597.00
3½ to 4 .....	61.49	92.24	122.98	614.90
4 to 4½ .....	63.34	95.01	126.68	633.40
4½ to 5 .....	65.24	97.86	130.48	652.40
5 to 5½ .....	67.20	100.79	134.40	672.00
5½ to 6 .....	69.21	103.82	138.42	692.10
6 to 6½ .....	71.29	106.93	142.58	712.90
6½ to 7 .....	73.43	110.14	146.86	734.30
7 to 7½ .....	75.63	113.44	151.26	756.30
7½ to 8 .....	77.90	116.85	155.80	779.00
8 to 8½ .....	80.24	120.35	160.48	802.40
8½ to 9 .....	82.64	123.96	165.28	826.40
9 to 9½ .....	85.12	127.68	170.24	851.20
9½ to 10 .....	87.68	131.51	175.36	876.80
10 to 10½ .....	90.31	135.46	180.62	903.10
10½ to 11 .....	93.01	139.52	186.02	930.10
11 to 11½ .....	95.81	143.71	191.62	958.10
11½ to 12 .....	98.68	148.02	197.36	986.80
12 to 12½ .....	101.64	152.46	203.28	1,016.40
12½ to 13 .....	104.69	157.03	209.38	1,046.90
13 to 13½ .....	107.83	161.74	215.66	1,078.30
13½ to 14 .....	111.06	166.60	222.12	1,110.60
14 to 14½ .....	114.40	171.59	228.80	1,144.00
14½ to 15 .....	117.83	176.74	235.66	1,178.30
15 to 15½ .....	121.36	182.04	242.72	1,213.60
15½ to 16 .....	125.00	187.51	250.00	1,250.00
16 to 16½ .....	128.75	193.13	257.50	1,287.50
16½ to 17 .....	132.62	198.93	265.24	1,326.20
17 to 17½ .....	136.60	204.89	273.20	1,366.00
17½ to 18 .....	140.69	211.04	281.38	1,406.90
18 to 18½ .....	144.91	217.37	289.82	1,449.10
18½ to 19 .....	149.26	223.89	298.52	1,492.60
19 to 19½ .....	153.74	230.61	307.48	1,537.40
19½ to 20 .....	158.35	237.53	316.70	1,583.50
20 to 20½ .....	163.10	244.65	326.20	1,631.00

TABLE A—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6.50 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING AUG. 1, 1979

NOTE: This table shows how Individual Retirement Bonds bearing issue dates on or after August 1, 1979, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 6.50 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of §346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50	\$75	\$100	\$500
1st .....	\$50.00	\$75.00	\$100.00	\$500.00
1 to 1½ .....	53.30	79.95	106.60	533.00
1½ to 2 .....	55.04	82.56	110.08	550.40
2 to 2½ .....	56.82	85.23	113.64	568.20
2½ to 3 .....	58.68	88.02	117.36	586.80
3 to 3½ .....	60.58	90.87	121.16	605.80
3½ to 4 .....	62.54	93.81	125.08	625.40
4 to 4½ .....	64.58	96.87	129.16	645.80
4½ to 5 .....	66.68	100.02	133.36	666.80
5 to 5½ .....	68.84	103.26	137.68	688.40
5½ to 6 .....	71.08	106.62	142.16	710.80
6 to 6½ .....	73.40	110.10	146.80	734.00
6½ to 7 .....	75.78	113.67	151.56	757.80
7 to 7½ .....	78.24	117.36	156.48	782.40
7½ to 8 .....	80.78	121.17	161.56	807.80
8 to 8½ .....	83.40	125.10	166.80	834.00
8½ to 9 .....	86.12	129.18	172.24	861.20
9 to 9½ .....	88.92	133.38	177.84	889.20
9½ to 10 .....	91.80	137.70	183.60	918.00
10 to 10½ .....	94.80	142.20	189.60	948.00
10½ to 11 .....	97.88	146.82	195.76	978.80
11 to 11½ .....	101.06	151.59	202.12	1,010.60
11½ to 12 .....	104.34	156.51	208.68	1,043.40
12 to 12½ .....	107.72	161.58	215.44	1,077.20
12½ to 13 .....	111.22	166.83	222.44	1,112.20
13 to 13½ .....	114.84	172.26	229.68	1,148.40
13½ to 14 .....	118.58	177.87	237.16	1,185.80
14 to 14½ .....	122.44	183.66	244.88	1,224.40
14½ to 15 .....	126.42	189.63	252.84	1,264.20
15 to 15½ .....	130.52	195.78	261.04	1,305.20
15½ to 16 .....	134.76	202.14	269.52	1,347.60
16 to 16½ .....	139.14	208.71	278.28	1,391.40
16½ to 17 .....	143.66	215.49	287.32	1,436.60
17 to 17½ .....	148.34	222.51	296.68	1,483.40
17½ to 18 .....	153.16	229.74	306.32	1,531.60
18 to 18½ .....	158.12	237.18	316.24	1,581.20
18½ to 19 .....	163.26	244.89	326.52	1,632.60
19 to 19½ .....	168.58	252.87	337.16	1,685.80
19½ to 20 .....	174.06	261.09	348.12	1,740.60
20 to 20½ .....	179.72	269.58	359.44	1,797.20

**TABLE B—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 8.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1980**

NOTE: This table shows how Individual Retirement Bonds bearing issue dates on or after November 1, 1980, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 8.00 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of § 346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50.00	\$75.00	\$100.00	\$500.00
First half year ...	\$50.00	\$75.00	\$100.00	\$500.00
1.0 to 1.5 .....	54.08	81.12	108.16	540.80
1.5 to 2.0 .....	56.24	84.36	112.48	562.40
2.0 to 2.5 .....	58.50	87.75	117.00	585.00
2.5 to 3.0 .....	60.84	91.26	121.68	608.40
3.0 to 3.5 .....	63.26	94.89	126.52	632.60
3.5 to 4.0 .....	65.80	98.70	131.60	658.00
4.0 to 4.5 .....	68.42	102.63	136.84	684.20
4.5 to 5.0 .....	71.16	106.74	142.32	711.60
5.0 to 5.5 .....	74.02	111.03	148.04	740.20
5.5 to 6.0 .....	76.98	115.47	153.96	769.80
6.0 to 6.5 .....	80.06	120.09	160.12	800.60
6.5 to 7.0 .....	83.26	124.89	166.52	832.60
7.0 to 7.5 .....	86.58	129.87	173.16	865.80
7.5 to 8.0 .....	90.04	135.06	180.08	900.40
8.0 to 8.5 .....	93.64	140.46	187.28	936.40
8.5 to 9.0 .....	97.40	146.10	194.80	974.00
9.0 to 9.5 .....	101.30	151.95	202.60	1,013.00
9.5 to 10.0 .....	105.34	158.01	210.68	1,053.40
10.0 to 10.5 .....	109.56	164.34	219.12	1,095.60
10.5 to 11.0 .....	113.94	170.91	227.88	1,139.40
11.0 to 11.5 .....	118.50	177.75	237.00	1,185.00
11.5 to 12.0 .....	123.24	184.86	246.48	1,232.40
12.0 to 12.5 .....	128.16	192.24	256.32	1,281.60
12.5 to 13.0 .....	133.30	199.95	266.60	1,333.00
13.0 to 13.5 .....	138.62	207.93	277.24	1,386.20
13.5 to 14.0 .....	144.16	216.24	288.32	1,441.60
14.0 to 14.5 .....	149.94	224.91	299.88	1,499.40
14.5 to 15.0 .....	155.94	233.91	311.88	1,559.40
15.0 to 15.5 .....	162.16	243.24	324.32	1,621.60
15.5 to 16.0 .....	168.66	252.99	337.32	1,686.60
16.0 to 16.5 .....	175.40	263.10	350.80	1,754.00
16.5 to 17.0 .....	182.42	273.63	364.84	1,824.20
17.0 to 17.5 .....	189.72	284.58	379.44	1,897.20
17.5 to 18.0 .....	197.30	295.95	394.60	1,973.00
18.0 to 18.5 .....	205.20	307.80	410.40	2,052.00
18.5 to 19.0 .....	213.40	320.10	426.80	2,134.00
19.0 to 19.5 .....	221.94	332.91	443.88	2,219.40
19.5 to 20.0 .....	230.82	346.23	461.64	2,308.20
20.0 to 20.5 .....	240.06	360.09	480.12	2,400.60

**TABLE C—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 9.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING OCTOBER 1, 1981**

NOTE: This table shows how Individual Retirement Bonds bearing issue dates on or after October 1, 1981, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 9.00 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of § 346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	\$50.00	\$75.00	\$100.00	\$500.00
First half .....	\$50.00	\$75.00	\$100.00	\$500.00
1.0 to 1.5 .....	54.60	81.90	109.20	546.00
1.5 to 2.0 .....	57.06	85.59	114.12	570.60
2.0 to 2.5 .....	59.62	89.43	119.24	596.20
2.5 to 3.0 .....	62.30	93.45	124.60	623.00
3.0 to 3.5 .....	65.12	97.68	130.24	651.20
3.5 to 4.0 .....	68.04	102.06	136.08	680.40
4.0 to 4.5 .....	71.10	106.65	142.20	711.00
4.5 to 5.0 .....	74.30	111.45	148.60	743.00
5.0 to 5.5 .....	77.64	116.46	155.28	776.40
5.5 to 6.0 .....	81.14	121.71	162.28	811.40
6.0 to 6.5 .....	84.80	127.20	169.60	848.00
6.5 to 7.0 .....	88.60	132.90	177.20	886.00
7.0 to 7.5 .....	92.60	138.90	185.20	926.00
7.5 to 8.0 .....	96.76	145.14	193.52	967.60
8.0 to 8.5 .....	101.12	151.68	202.24	1,011.20
8.5 to 9.0 .....	105.66	158.49	211.32	1,056.60
9.0 to 9.5 .....	110.42	165.63	220.84	1,104.20
9.5 to 10.0 .....	115.40	173.10	230.80	1,154.00
10.0 to 10.5 .....	120.58	180.87	241.16	1,205.80
10.5 to 11.0 .....	126.02	189.03	252.04	1,260.20
11.0 to 11.5 .....	131.68	197.52	263.36	1,316.80
11.5 to 12.0 .....	137.60	206.40	275.20	1,376.00
12.0 to 12.5 .....	143.80	215.70	287.60	1,438.00
12.5 to 13.0 .....	150.28	225.42	300.56	1,502.80
13.0 to 13.5 .....	157.04	235.56	314.08	1,570.40
13.5 to 14.0 .....	164.10	246.15	328.20	1,641.00
14.0 to 14.5 .....	171.48	257.22	342.96	1,714.80
14.5 to 15.0 .....	179.20	268.80	358.40	1,792.00
15.0 to 15.5 .....	187.26	280.89	374.52	1,872.60
15.5 to 16.0 .....	195.70	293.55	391.40	1,957.00
16.0 to 16.5 .....	204.50	306.75	409.00	2,045.00
16.5 to 17.0 .....	213.70	320.55	427.40	2,137.00
17.0 to 17.5 .....	223.32	334.98	446.64	2,233.20
17.5 to 18.0 .....	233.36	350.04	466.72	2,333.60
18.0 to 18.5 .....	243.86	365.79	487.72	2,438.60
18.5 to 19.0 .....	254.84	382.26	509.68	2,548.40
19.0 to 19.5 .....	266.32	399.48	532.64	2,663.20
19.5 to 20.0 .....	278.30	417.45	556.60	2,783.00
20.0 to 20.5 .....	290.82	436.23	581.64	2,908.20

(26 U.S.C. 220, and 31 U.S.C. 757; 40 Stat. 288, 48 Stat. 343, as amended; 31 U.S.C. 752, 7546; 5 U.S.C. 301)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37521, July 21, 1977; 45 FR 53397, Aug. 11, 1980; 45 FR 55178, Aug. 19, 1980; 46 FR 60577, Dec. 11, 1981]

**PART 351—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES EE**

- Sec.
- 351.0 Offering of bonds.
- 351.1 Governing regulations.
- 351.2 Description of bonds.
- 351.3 Registration and issue.
- 351.4 Limitation on purchases.
- 351.5 Purchase of bonds.
- 351.6 Delivery of bonds.
- 351.7 Payment or redemption.
- 351.8 Taxation.
- 351.9 Education savings bond program.
- 351.10 Reservation as to issue of bonds.
- 351.11 Waiver.
- 351.12 Fiscal agents.
- 351.13 Reservation as to terms of offer.

APPENDIX TO PART 351—TABLE 1, EE BONDS BEARING ISSUE DATES FROM NOVEMBER 1, 1982 THROUGH OCTOBER 1, 1986. TABLE 2, EE BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1986. TABLE 3, EE BONDS BEARING ISSUE DATES MARCH 1, 1993, THROUGH APRIL 1, 1995

AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

SOURCE: 55 FR 567, Jan. 5, 1990, unless otherwise noted.

**§ 351.0 Offering of bonds.**

The Secretary of the Treasury offers for sale to the people of the United States, United States Savings Bonds of Series EE, hereinafter referred to as *Series EE bonds* or *bonds*. This offer, effective May 1, 1997, will continue until terminated by the Secretary of the Treasury.

[55 FR 567, Jan. 5, 1990, as amended at 58 FR 60938, Nov. 18, 1993; 60 FR 15431, Mar. 23, 1995; 62 FR 24281, May 2, 1997]

**§ 351.1 Governing regulations.**

Series EE bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series EE and HH, contained in Department of the Treasury Circular, Public Debt Series No. 3-80 (part 353 of this chapter). Treasury expressly disclaims the effect of, and does not war-

ranty the correctness of, any representations or warranties regarding Series EE bonds, wherever made, that in any way conflict with the terms and conditions of Series EE bonds, as set out in these and other regulations and other applicable law. The regulations in part 370 of this chapter apply to transactions for the purchase of United States Savings Bonds issued through the Bureau of the Public Debt. The regulations in part 370 do not apply to transactions for the purchase of bonds accomplished through issuing agents generally, unless and to the extent otherwise directed by the Commissioner of the Bureau of the Public Debt.

[63 FR 64551, Nov. 20, 1998]

**§ 351.2 Description of bonds.**

(a) *General.* Series EE bonds are issued only in registered form and are nontransferable.

(b) *Denominations and prices.* Series EE bonds are issued on a discount basis. The denominations and purchase prices are as follows:

Denomination	Purchase price
\$50 <sup>1</sup> .....	\$25.00
75 <sup>1</sup> .....	37.50
100 .....	50.00
200 .....	100.00
500 .....	250.00
1,000 .....	500.00
5,000 .....	2,500.00
10,000 .....	5,000.00

<sup>1</sup>As of October 1, 1990, \$50 & \$75 denominations were no longer available through payroll savings plans or through employee thrift, savings, vacation or similar plans.

(c) *Term—original maturity periods for bonds issued prior to May 1, 1995.* The issue date of a Series EE bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent. Series EE bonds issued prior to May 1, 1995, have “original” maturity periods, also referred to as “initial” maturity periods, as follows:

Issue dates—1st day of:	Original maturity dates—1st day of:	Original terms
Jan. 1980–Oct. 1980 .....	Jan. 1991–Oct. 1991 .....	11 years.
Nov. 1980–Apr. 1981 .....	Nov. 1989–Apr. 1990 .....	9 years.
May. 1981–Oct. 1982 .....	May 1989–Oct. 1990 .....	8 years.
Nov. 1982–Oct. 1986 .....	Nov. 1992–Oct. 1996 .....	10 years.
Nov. 1986–Feb. 1993 .....	Nov. 1998–Feb. 2005 .....	12 years.
Mar. 1993–Apr. 1995 .....	Mar. 2011–Apr. 2013 .....	18 years.

(d) *Redemption.* A Series EE bond may be redeemed after 6 months from its issue date. The Secretary of the Treasury may not call Series EE bonds for redemption prior to final maturity.

(e) *Investment yield (interest) during original maturity periods—bonds bearing issue dates of November 1, 1982 through April 1, 1995.* The investment yield of a Series EE bond bearing issue dates of November 1, 1982, through April 1, 1995, from its issue date to each interest accrual date occurring less than 5 years after issue, will be as shown in Tables 1, 2, and 3 in the appendix to this part.

(1) *Guaranteed minimum investment yield.* The guaranteed minimum investment yield of a bond from its issue date to each semiannual interest accrual date occurring on or after 5 years from issue up to original maturity will be 7.5 percent per annum, compounded semi-annually, for a bond bearing an issue date of November 1, 1982, through October 1, 1986, and 6 percent per annum, compounded semi-annually, for a bond bearing an issue date of November 1, 1986, through February 1, 1993; and, 4 percent per annum, compounded semi-annually, for a bond bearing an issue date of March 1, 1993, through April 1, 1995. Interest that accrues on a Series EE bond becomes part of its redemption value and is paid, as set out in § 351.2 (h).

(2) *Market-based variable investment yield.* If a Series EE bond is not sooner redeemed, its yield 5 years after its issue date and on each successive semi-annual interest accrual date will be determined as follows:

(i) For each 6-month period, starting with the period beginning on May 1, 1982, the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period will be determined.

(ii) For bonds bearing issue dates of November 1, 1982, through April 1, 1989, the market-based variable investment yield from the issue date of a bond to its semiannual interest accrual date 5 years thereafter will be 85 percent, rounded to the nearest one-fourth of 1 percent, of the arithmetic average of the market yield averages for the ten 6-month periods starting with the 6-

month period that most recently ended before such issue date.

(iii) For bonds bearing issue dates of May 1, 1989 through April 1, 1995, the market-based variable investment yield from the issue date to the semi-annual interest accrual date 5 years thereafter will be 85 percent, rounded to the nearest one-hundredth of 1 percent, of the arithmetic average of the market yield averages for the ten 6-month periods starting with the 6-month period that most recently ended before such issue date.

(iv) In determining the market-based variable investment yield for a bond from its issue date to each successive semiannual interest accrual date occurring after 5 years from issue up to original maturity, the average market yield for each additional 6-month period will be included in the computation.

(v) The determination by the Secretary of the Treasury, or his delegate, of the average market yields shall be final and conclusive.

*Example.* For bonds bearing issue dates of November 1, 1982, through April 1, 1983, the market-based variable investment yield from issue date to 5 years will be determined from the ten 6-month market yield averages for the period from May 1, 1982, through April 30, 1987. The market-based variable investment yield from issue to 5½ years will be determined for the period from May 1, 1982, through October 31, 1987. For bonds bearing issue dates of May 1, 1983, to October 1, 1983, the 5 year market-based variable investment yield will be determined for the period from November 1, 1982, through October 31, 1987, and the 5½ year market-based variable investment yield will be determined from November 1, 1982, through April 30, 1988. In each case where a bond is held for 5 years or longer during its original maturity period, its redemption value on the appropriate interest accrual date will be determined from such yield, unless the guaranteed minimum yield, compounded semi-annually, as specified in § 351.2(e)(1), from issue to that accrual date results in a higher redemption value.

(f) *Investment yields (interest) during original maturity periods—bonds issued prior to November 1, 1982.* For bonds bearing issue dates of January 1, 1980, through October 1, 1982, the investment yields shall be as follows:

(1) *Guaranteed minimum investment yield.* The guaranteed minimum investment yields on bonds bearing issue

dates prior to November 1, 1982, are made available, on request, by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328.

(2) *Market-based variable investment yield.* If a bond is held for a period of 5 years after its first semiannual interest accrual period, occurring on or after November 1, 1982, its yield for such period, and to each successive semiannual interest accrual date up to its original maturity, shall be either the guaranteed minimum investment yield specified above in paragraph (f)(1) of this section or the market-based variable investment yield computed as provided in paragraph (e)(2) of this section, whichever produces the greater value, using the appropriate number of 6-month periods. The first such period began on May 1, 1982.

(g) *Extended maturity periods for bonds bearing issue dates prior to May 1, 1995—*

(1) *General.* The terms *extended maturity period*, *second extended maturity period*, and *extended maturity*, as used herein, refer to periods after the original maturity dates of the bonds during which owners may retain them at interest. No special action is required of owners desiring to take advantage of any extensions herein granted.

(2) *Extensions granted for bonds bearing issue dates prior to May 1, 1995.* As described in the charts below, owners of Series EE bonds may retain their bonds for an extended maturity period of 10 years. Owners of Series EE bonds also may retain their bonds for a second extended maturity period having a period such that, if outstanding, interest shall accrue for a term totaling 30 years from the issue date. Each Series EE bond will reach its final maturity and cease to accrue interest 30 years after its issue date.

Issues dates—1st day of:	Original terms	Original maturity dates—day of:	Final maturity dates—1st day of:
Jan. 1980–Oct. 1980 .....	11 years .....	Jan. 1991–Oct. 1991 .....	Jan. 2010–Oct. 2010.
Nov. 1980–Apr. 1981 .....	9 years .....	Nov. 1989–Apr. 1990 .....	Nov. 2010–Apr. 2011.
May 1981–Oct. 1982 .....	8 years .....	May 1989–Oct. 1990 .....	May 2011–Oct. 2012.
Nov. 1982–Oct. 1986 .....	10 years .....	Nov. 1992–Oct. 1996 .....	Nov. 2012–Oct. 2016.
Nov. 1986–Feb. 1993 .....	12 years .....	Nov. 1998–Feb. 2005 .....	Nov. 2016–Feb. 2023.
Mar. 1993–Apr. 1995 .....	18 years .....	Mar. 2011–Apr. 2013 .....	Mar. 2023–Apr. 2025

Issues dates—1st day of:	1st extended maturity dates—1st day of:*	Years to final maturity	Final maturity dates—1st day of:
Jan. 1980–Oct. 1980 .....	Jan. 2001–Oct. 2001 .....	9 years .....	Jan. 2010–Oct. 2010.
Nov. 1980–Apr. 1981 .....	Nov. 1999–Apr. 2000 .....	11 years .....	Nov. 2010–Apr. 2011.
May 1981–Oct. 1982 .....	May 1999–Oct. 2000 .....	12 years .....	May 2011–Oct. 2012.
Nov. 1982–Oct. 1986 .....	Nov. 2002–Oct. 2006 .....	10 years .....	Nov. 2012–Oct. 2016.
Nov. 1986–Feb. 1993 .....	Nov. 2008–Feb. 2015 .....	8 years .....	Nov. 2016–Feb. 2023.
Mar. 1993–Apr. 1995 .....	Mar. 2021–Apr. 2023 .....	2 years .....	Mar. 2023–Apr. 2025

\* At 10 years after original maturity.

(3) *Determination of redemption values during any extended maturity period for bonds bearing issue dates prior to May 1, 1995.* The redemption value of a bond on a given interest accrual date during an extended maturity period or periods will be the higher of the value produced using the applicable guaranteed minimum investment yield or the value produced using the appropriate market-based variable investment yield. The calculation of these yields and the resulting redemption values are described below:

(i) *Guaranteed minimum investment yield and resulting values during an ex-*

*tended maturity period.* A bond may be subject to one guaranteed minimum investment yield during its original maturity period and to another such yield during each of its extended maturity periods. Bonds that entered an extended maturity period from May 1, 1989, through February 1, 1993, have a guaranteed minimum investment yield of 6 percent per annum, compounded semiannually, during that extended maturity period. Bonds that entered or enter an extended maturity period on or after March 1, 1993, have a guaranteed minimum investment yield of 4

percent per annum, compounded semi-annually, during that extended maturity period, or the guaranteed minimum investment yield in effect at the beginning of that period. In order to determine values for a bond during its first extended maturity period, the value of the bond at the end of its original maturity period is determined using the guaranteed minimum investment yield applicable to that period. This value is then used as the base upon which interest accrues during the first extended maturity period at the applicable guaranteed minimum investment yield for that period. The value thus attained at first extended maturity (10 years after original maturity) is then used as the base upon which interest accrues during the second extended maturity period at the applicable guaranteed minimum investment yield for that period. The resulting semiannual values are then compared with the corresponding values determined using the applicable market-based variable investment yields.

(ii) *Market-based variable investment yield and resulting values during an extended maturity period.* For a bond beginning an extended maturity period, the market-based variable investment yield from its first semiannual interest accrual date occurring on or after November 1, 1982, or its issue date, whichever is later, to each semiannual interest accrual date occurring on or after November 1, 1989, will be 85 percent, rounded to the nearest one-hundredth of one percent, of the arithmetic average of the market yield averages for the appropriate number of 6-month periods involved, beginning with the period from May 1, 1982, or the 6-month period that most recently ended before the issue date, whichever period occurs later. The value of a bond on its first semiannual interest accrual date occurring on or after November 1, 1982, or its issue date, whichever is later, is used as the base upon which interest accrues during the extended maturity period at the applicable market-based variable investment yield. As described above, the bond will receive the higher of the two values produced using the applicable market-based variable in-

vestment yield and guaranteed minimum investment yield.

(h) *Accrual and payment of interest for bonds issued prior to May 1, 1995.* Interest accrues on a Series EE bond and becomes a part of the redemption value which is paid when the bond is cashed. For bonds with issue dates from January 1, 1980, through October 1, 1980, the redemption value increases on the first day of each month from the third through the thirtieth month after issue, and thereafter on the first day of each successive 6-month period. For bonds with issue dates from November 1, 1980, through October 1, 1986, the redemption value increases on the first day of each month from the third through the eighteenth month after issue, and thereafter on the first day of each successive 6-month period. For bonds with issue dates from November 1, 1986, through February 1, 1993, the redemption values increase on the first day of each month from the third through the thirtieth month after issue, and thereafter on the first day of each successive 6-month period. For bonds with issue dates of March 1, 1993 through April 1, 1995, the redemption values increase on the first day of each month from the third through the sixtieth month after issue, and thereafter either on the first day of each month or on the first day of each successive 6-month period, whichever accrual schedule ensures that the actual yield from issue date to redemption date is in no case less than 4 percent per annum, compounded semiannually. The interest on an outstanding bond ceases to accrue 30 years after its issue date.

(i) *Tables of redemption values for bonds issued prior to May 1, 1995.* For bonds with issue dates of November 1, 1982 through April 1, 1995, Tables 1, 2, and 3, in the appendix to this part, show the established redemption values and investment yields for the first 4½ years after issue and redemption values produced by guaranteed minimum investment yields from 5 years after issue to original maturity. For bonds issued prior to November 1, 1982, tables showing the established redemption values and investment yields for interest accrual dates occurring less than 5 years from the first semiannual interest accrual period starting on or after

November 1, 1982, and the guaranteed minimum investment yields and resulting redemption values for interest accrual dates occurring thereafter to original maturity, are made available by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328. The market-based variable investment yields for bonds redeemed during each 6-month period, beginning on May 1 and November 1 of each year, are made available prior to each of those dates by the Bureau of the Public Debt, accompanied by tables of the redemption values of bonds for the following 6 months, as determined by applicable market-based variable investment yields or guaranteed minimum investment yields.

(j) *Market-based interest rate and redemption values—bonds bearing issue dates of May 1, 1995, through April 1, 1997.* (1) The following definitions apply for determining the interest rates and redemption values for bonds bearing issue dates of May 1, 1995, through April 1, 1997:

(i) *Market yields.* Treasury uses market bid yields for bills, notes, and bonds to create a yield curve based on the most actively traded Treasury securities. This curve relates the yield on a security to its time to maturity. Yields at particular points on the curve are referred to as “constant maturity yields” and are determined by the Treasury from this daily yield curve. The 6-month and 5-year Treasury securities rates described below are derived from these yield curves.

(ii) *Short-term savings bond rate.* No less frequently than on each May 1 and November 1, Treasury announces a short-term savings bond rate. To determine this rate, Treasury compiles 6-month Treasury securities rates as of the close of business for each day of the previous three months and calculates the monthly average for each month, rounding each monthly average to the nearest one-hundredth of one percent. The short-term savings bond rate is then determined by taking 85 percent of the three-month average and rounding the result to the nearest one-hundredth of one percent. If the regularly scheduled date for the announcement (for example, May 1) is a day when the Treasury is not open for business, then

the announcement is made on the next business day and is effective as of the first day of that month. For bonds entitled to interest accruals at the short-term savings bond rate, that rate applies to the bond’s first full semiannual interest accrual period following each announcement of the rate.

(iii) *Long-term savings bond rate.* No less frequently than on each May 1 and November 1, Treasury announces a long-term savings bond rate. To determine this rate, Treasury compiles 5-year Treasury securities rates as of the close of business for each day of the previous six months and calculates the monthly average for each month, rounding each monthly average to the nearest one-hundredth of one percent. The long-term savings bond rate is then determined by taking 85 percent of the 6-month average and rounding the result to the nearest one-hundredth of one percent. If the regularly scheduled date for the announcement (for example, May 1) is a day when the Treasury is not open for business, then the announcement is made on the next business day and is effective as of the first day of that month. For bonds entitled to interest accruals at the long-term savings bond rate, that rate applies to the bond’s first full semiannual interest accrual period following each announcement of the rate.

(iv) *Base denomination.* All redemption value calculations are performed on a hypothetical denomination of \$25 having a value at the beginning of the first earning period equal to an issue price of \$12.50. Redemption values for bonds of greater denominations are in direct proportion according to the ratio of denominations. *For example,* if the value of a hypothetical \$25 denomination is \$26.80—*i.e.*, \$12.50 issue price plus \$14.30 accrued interest—on the same redemption date, the value of a \$50 bond bearing the same issue date is  $\$26.80 \times (50 \div 25)$  or \$53.60.

(v) *Issue date.* The issue date of a Series EE bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent.

(vi) *Semiannual earning periods and accrual dates.* Bonds bearing issue dates of May 1, 1995, through April 1, 1997, earn interest during each successive six

month period from date of issue to final maturity. Interest accrues, immediately following each earning period, on each semiannual anniversary of the date of issue, including the date of final maturity.

(vii) *Original maturity.* Bonds reach original maturity at 17 years after date of issue.

(viii) *Final maturity.* Bonds reach final maturity at 30 years after date of issue. A bond ceases to earn interest at final maturity.

(2) *Interest rates and redemption values for bonds held 5 years or less.* The interest rate for a Series EE bond bearing an issue date of May 1, 1995, through April 1, 1997, for semiannual earning periods during the first 5 years from date of issue, is the short-term savings bond rate determined as defined in paragraph (j)(1)(ii) of this section. Redemption values for semiannual accrual dates occurring on or before 5 years from date of issue are calculated in accordance with paragraph (j)(5) of this section.

(3) *Interest rates and redemption values for bonds held 5 years and 6 months and longer.* The interest rate for a Series EE bond bearing an issue date of May 1, 1995, through April 1, 1997, for semiannual earning periods beginning 5 years from date of issue through original maturity, is the long-term savings bond rate determined as defined in paragraph (j)(1)(iii) of this section. Redemption values for semiannual accrual dates occurring after 5 years from date of issue, through original maturity, are calculated in accordance with paragraph (j)(5) of this section, except that the redemption value at the date of original maturity, as provided in paragraph (j)(1)(vii) of this section, shall not be less than the denomination (face amount or face value).

(4) *Interest rates and redemption values for bonds during an extended maturity period.* From 17 years after date of issue to the final maturity date (the "extended maturity period") the bond will be subject to the terms and conditions in effect when it is issued, and will continue to earn interest as described in paragraph (j)(3) of this section, unless the terms and conditions applicable to an extended maturity period are ex-

pressly amended prior to the beginning of such period.

(5) *Redemption value calculations.* Interest on a bond accrues and becomes part of the redemption value which is paid when the bond is cashed. The redemption value of a bond on the accrual date immediately following each semiannual earning period is determined as follows:

(i) The applicable long-term or short-term savings bond rate for the semiannual earning period is converted to decimal form by dividing by 100, and is adjusted to a semiannual rate by dividing by 2.

(ii) Using redemption values for the base denomination, as defined in paragraph (j)(1)(iv) of this section, this rate is then multiplied by the redemption value of the bond at the beginning of the semiannual earning period.

(iii) The resulting interest amount, rounded to the nearest cent, is added to the redemption value of the bond at the beginning of the earning period to produce the redemption value at the next semiannual accrual date. The redemption value of a bond remains constant between accrual dates.

(6) *The Secretary's determination.* The determination by the Secretary of the Treasury, or his delegate, of the market yields, and the long-term and short-term savings bond rates, shall be final and conclusive.

(7) *Tables of redemption values.* Tables of redemption value are made available by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328, prior to the periods during which the redemption values are payable.

(k) *Interest rate and redemption values—bonds bearing issue dates of May 1, 1997, or thereafter.*

(1) The following definitions apply for determining the interest rates and redemption values for bonds bearing issue dates of May 1, 1997, or thereafter:

(i) *Market yields.* Treasury uses market bid yields for bills, notes, and bonds to create a yield curve based on the most actively traded Treasury securities. This curve relates the yield on a security to its time to maturity. Yields at particular points on the curve are referred to as "constant maturity yields" and are determined by the



**Fiscal Service, Treasury**

**§ 351.2**

Treasury from this daily yield curve. The 5-year Treasury securities yields described below are derived from these yield curves.

(ii) *Savings bonds rate.* No less frequently than on each May 1 and November 1, Treasury announces a variable market-based savings bonds rate. To determine this rate, Treasury compares 5-year Treasury securities yields as of the close of business for each day of the previous six months and calculates the monthly average to the nearest one-hundredth of one percent. The savings bonds rate is then determined by taking 90 percent of the 6-month average and rounding the result to the nearest one-hundredth of one percent. If the regularly scheduled date for the announcement (*for example*, May 1) is a day when the Treasury is not open for business, then the announcement is made on the next business day, however, the effective date of the rate remains the first day of the month of the announcement.

(iii) *Base denomination.* All redemption value calculations are performed on a hypothetical denomination of \$25 having a value at the beginning of the first semiannual rate period equal to an issue price of \$12.50. Redemption values for bonds of greater denominations are in direct proportion according to the ratio of denominations.

(iv) *Issue date.* The issue date of a Series EE savings bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent.

(v) *Accrual date.* Interest on a Series EE savings bond accrues on the first day of each month beginning with the

fourth month from the date of issue. The redemption value of a bond does not change between these accrual dates.

(vi) *Semiannual Rate Periods.* Semiannual rate periods are the 6-month periods beginning on the date of issue and on each semiannual anniversary of the date of issue to original maturity.

(vii) *Original maturity.* Bonds reach original maturity at 17 years after date of issue.

(viii) *Final maturity.* Bonds reach final maturity at 30 years after the date of issue. Bonds cease to earn interest at final maturity.

(2) *Interest rates and monthly accruals for bonds with issue dates of May 1, 1997, or thereafter, through original maturity.* Savings bonds rates defined in paragraph (k)(1)(ii) of this section apply to earnings during the first semiannual rate period beginning on or after the effective date of the rate. Interest is credited on the first day of each month and compounded semiannually. Interest accrues beginning with the fourth month from the date of issue. *For example*, a bond issued in January has interest first credited on May 1, which represents one month of interest because of the 3-month interest penalty. The following table shows, for any given month of issue with rates announced each May and November, the months making up the semiannual rate period during which interest is earned at the announced rate (disregarding the penalty for bonds redeemed prior to 5 years after the date of issue) and the months in which the bonds increase in value. This rate is an annual rate compounded semiannually.

If issue month is:	And rate announcement/effective date is:	Then, semiannual rate periods in which interest is earned include months of:	And bonds increase in value on 1st day of months of:
JAN or JUL .....	May 1 .....	JUL through DEC .....	AUG through JAN.
FEB or AUG .....	May 1 .....	AUG through JAN .....	SEP through FEB.
MAR or SEP .....	May 1 .....	SEP through FEB .....	OCT through MAR.
APR or OCT .....	May 1 .....	OCT through MAR .....	NOV through APR.
MAY or NOV .....	May 1 .....	MAY through OCT .....	JUN through NOV.
JUN or DEC .....	May 1 .....	JUN through NOV .....	JUL through DEC.
JAN or JUL .....	November 1 .....	JAN through JUN .....	FEB through JUL.
FEB or AUG .....	November 1 .....	FEB through JUL .....	MAR through AUG.
MAR or SEP .....	November 1 .....	MAR through AUG .....	APR through SEP.
APR or OCT .....	November 1 .....	APR through SEP .....	MAY through OCT.
MAY or NOV .....	November 1 .....	NOV through APR .....	DEC through MAY.
JUN or DEC .....	November 1 .....	DEC through MAY .....	JAN through JUN.

(3) *Interest penalty for Series EE bonds with issue dates of May 1, 1997, or thereafter, redeemed less than 5 years following the issue dates.* If a Series EE savings bond with an issue date of May 1, 1997, or thereafter, is redeemed less than five years following the date of issue, the overall earning period from the date of issue will be reduced by three months. *For example,* if a bond issued January 1, 1998, is redeemed 9 months later on October 1, 1998, the redemption value will be determined by applying the redemption value calculation formula described in paragraph (k)(4) of this section and the savings bonds rate for that bond at 6 months after the date of issue on July 1, 1998. The redemption value of a bond subject to the 3-month interest penalty shall not be reduced below the issue price. This penalty does not apply to bonds redeemed 5 years or more after the date of issue.

(4) *Redemption value calculations.*

(i) Interest on a bond accrues and becomes part of the redemption value which is paid when the bond is surrendered for payment. The redemption value of a bond at original maturity shall not be less than the face amount/denomination of the bond.

(ii)(A) The redemption value of a bond for the accrual date (the first day of each month beginning with the fourth month from the date of issue) is determined in accordance with this section and the following formula:

$FV = PV \times \{[1 + (i + 2)]^{(m+6)}\}$  where  
FV (future value) = redemption value on redemption date rounded to the nearest cent.

PV (present value) = redemption value at the beginning of the semiannual rate period as defined in paragraph (k)(1)(vi) of this section.

i = savings bonds rate as defined in paragraph (k)(1)(ii) of this section converted to decimal form by dividing by 100.

m = number of full calendar months outstanding during the semiannual rate period.

(B) The following hypothetical example illustrates how this formula is applied:

*Example,* assume a hypothetical savings bonds rate of 5.00% effective May 1, 2002, for a bond denominated at \$25, with an issue

date of September 1, 1997 and a redemption value of \$16.00 as of September 1, 2002. The February 1, 2003, redemption value is calculated as follows: Bonds issue dated in September have semiannual rate periods beginning each March 1 and September 1. The first semiannual rate period to begin on or after the effective date of the May 1, 2002, rate would be the period beginning September 1, 2002. PV, the present value, would be the value of the bond at the beginning of the semiannual rate period, on September 1, 2002. The savings bonds rate of 5.00% converted to a decimal would be 0.05. The number of months, m, is 5 since 5 full calendar months (September through January) have lapsed since the beginning of the rate period. FV is then the result of the formula:

$FV = \$16.00 \times \{ [1 + (0.05 + 2)]^{(5+6)} \} = \$16.33$  after rounding to the nearest cent.

Using the example, the FV of a savings bond with a \$50 or larger denomination can be determined by applying the appropriate multiple, for example:  $\$16.33 \times (\$50.00 + \$25.00)$  for a bond with a \$50.00 face amount; or  $\$16.33 \times (\$100.00 + \$25.00)$  for a bond with a \$100.00 face amount.

(5) *Interest rates and redemption values for bonds during an extended maturity period.* From 17 years after date of issue to the final maturity date (the “extended maturity period”) the bond will be subject to the terms and conditions in effect when it is issued and will continue to earn interest as described in paragraph (k)(2) of this section, unless the terms and conditions applicable to an extended maturity period are expressly amended prior to the beginning of such period.

(6) *The Secretary’s determination.* The determination by the Secretary of the Treasury, or his delegate, of market yields, savings bonds rates, rates applicable during any extended maturity period, and savings bond redemption values shall be final and conclusive.

(7) *Tables of redemption values.* Tables of redemption values are made available by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328. Redemption values published in such tables reflect the 3-month interest penalty applied to bonds redeemed prior to 5 years from the date of issue.

[55 FR 567, Jan. 5, 1990, as amended at 57 FR 14285, Apr. 17, 1992; 58 FR 60938, 60939, Nov. 18, 1993; 60 FR 15431, 15432, Mar. 23, 1995; 62 FR 24281, May 2, 1997]

**§ 351.3 Registration and issue.**

(a) *Registration.* Bonds may be registered as set forth in subpart B of 31 CFR part 353, also published as Department of the Treasury Circular, Public Debt Series No. 3-80.

(b) *Validity of issue.* A bond is validly issued when it (1) is registered as provided in Circular No. 3-80, and (2) bears an issue date, as well as the validation indicia of an authorized issuing agent.

(c) *Taxpayer identifying number.* The inscription of a bond must include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable. If the bond is being purchased as a gift or award and the owner's taxpayer identifying number is not known, the taxpayer identifying number of the purchaser must be included in the inscription on the bond.

(d) *Restrictions on chain letters.* The issuance of bonds in the furtherance of a chain letter or pyramid scheme is considered to be against the public interest and is prohibited. An issuing agent is authorized to refuse to issue a bond if there is reason to believe that a purchase is in connection with a chain letter and the agent's decision is final.

[55 FR 567, Jan. 5, 1990, as amended at 57 FR 14285, Apr. 17, 1992]

**§ 351.4 Limitation on purchases.**

The amount of Series EE bonds which may be purchased in the name of any one person, in any one calendar year, is limited to \$30,000 (face amount). Subpart C of Circular No. 3-80 (31 CFR part 353) contains the rules governing the computation of amounts and the special limitation for employee plans.

**§ 351.5 Purchase of bonds.**

(a) *Payroll sales—(1) Payroll savings plans.* Bonds in \$100 and higher denominations may be purchased through deductions from the pay of employees of organizations that maintain payroll savings plans. The bonds must be issued by an authorized issuing agent.

(2) *Employee thrift, savings, vacation, and similar plans.* Bonds registered in

the names of trustees of employee plans may be purchased in book-entry form in \$100 multiples through a designated Federal Reserve Bank after Bureau of the Public Debt approval of the plan as eligible for the special limitation under § 353.13 of this chapter, also published as § 353.13 of Department of the Treasury Circular, Public Debt Series No. 3-80.

(b) *Over-the-counter sales—(1) Eligible issuing agents.* Bonds may be purchased through any issuing agent, except that an organization serving as an issuing agent because of its status as an employer or an organization operating an employer's payroll savings plan under § 317.2(c) of this chapter may sell bonds only through payroll savings plans.

(2) *Manner of sale.* An application for the purchase of a bond must be accompanied by a remittance to cover the issue price. The purchase application and remittance may be submitted to an issuing agent by any means acceptable to the issuing agent. An application may authorize purchases on a recurring basis. The issuing agent bears the burden of collection and the risk of loss for non-collection or return of the remittance.

[63 FR 64551, Nov. 20, 1998]

**§ 351.6 Delivery of bonds.**

Issuing agents are authorized to arrange for the delivery of Series EE bonds. Mail deliveries are made at the risk and expense of the United States to the address given by the purchaser, if it is within the United States, its territories or possessions, or the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made, except to residents of Mexico and Canada, who participate in payroll saving plans, and to residents of what was formerly the Panama Canal Zone. Bonds purchased by a citizen of the United States residing abroad will be delivered only to such address in the United States as the purchaser directs.

**§ 351.7 Payment or redemption.**

(a) *Incorporated banks, savings and loan associations and other financial institutions—(1) Payment in general.* A financial institution qualified as a paying agent under the provisions 31 CFR part 321, also published as Department

### § 351.8

### 31 CFR Ch. II (7-1-02 Edition)

of the Treasury Circular, Public Debt Series No. 750, will pay the current redemption value of a Series EE bond presented for payment by an individual whose name is inscribed on the bond as owner or coowner, provided:

(i) The bond is in order for payment; and

(ii) The presenter establishes his or her identity to the satisfaction of the agent, in accordance with Treasury instructions and identification guidelines, and signs and completes the request for payment.

(2) *Payment to beneficiary or legal representative.* A paying agent may (but is not required to) pay the current redemption value of a Series EE bond upon the request of a beneficiary, if he or she survives the owner, or a legal representative designated in the bond registration by name and capacity, or a court-appointed legal representative of the last-deceased registrant's estate provided:

(i) The bond is in order for payment; and

(ii) The presenter establishes his or her identity to the satisfaction of the agent in accordance with Treasury instructions and identification guidelines, and otherwise complies with evidentiary requirements.

(b) *Federal Reserve Banks and Branches.* A Federal Reserve Bank or Branch referred to in § 351.12 will pay the current redemption value of a Series EE bond presented for payment, provided the bond is in order for payment and the request for payment on the bond is properly signed and certified in accordance with Circular No. 3-80.

[55 FR 567, Jan. 5, 1990, as amended at 57 FR 14285, Apr. 17, 1992; 59 FR 10540, Mar. 4, 1994]

#### § 351.8 Taxation.

(a) *General.* The increment in value, represented by the difference between the issue price of a Series EE bond and the redemption value received for it, is interest. This interest is subject to all taxes imposed under the Internal Revenue Code of 1954, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or inter-

est by any State, any possession of the United States or any local taxing authority.

(b) *Federal income tax on bonds.* An owner of Series EE bonds may use either of the following two methods for reporting the increase in the redemption value of the bond for Federal income tax purposes:

(1) *Cash basis.* Defer reporting the increase to the year of maturity, redemption, or other disposition, whichever is earlier; or

(2) *Accrual basis.* Elect to report the increase each year as it accrues, in which case the election applies to all Series EE bonds then owned by the taxpayer and those subsequently acquired as well as to any other obligations purchased on a discount basis, such as savings bonds of Series E.

(3) If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting unless he or she obtains permission from the Internal Revenue Service. For further information, the District Director of the taxpayer's district, or the Internal Revenue Service, Washington, DC 20224, should be consulted.

(c) *Tax-deferred exchanges.* Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR part 352), authorizes the exchange of Series EE bonds for Series HH bonds, with a continuation of the tax-deferral privilege. The rules governing tax-deferred exchanges are contained in that circular.

(d) *Reissue.* A reissue that affects the rights of any of the persons named on a Series EE bond may have a tax consequence.

#### § 351.9 Education savings bond program.

A bond owner or coowner may be able to exclude from income for Federal income tax purposes all or part of the interest received on the redemption of qualified U.S. Savings Bonds during the year if that owner or coowner paid qualified higher education expenses

**Fiscal Service, Treasury**

**Pt. 351, App.**

during the same year and certain other conditions are satisfied. This exclusion is known as the Education Savings Bond Program, and authoritative information about it can be found in Internal Revenue Service Publication 17, "Your Federal Income Tax", and Publication 550, "Investment Income and Expenses", available from your District Director of the Internal Revenue Service.

[62 FR 24283, May 2, 1997]

**§351.10 Reservation as to issue of bonds.**

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, is authorized to reject any application for Series EE bonds, in whole or in part, and to refuse to issue or permit to be issued any bonds in any case or class of cases, if he deems the action to be in the public interest, and his action in any such respect is final.

**§351.11 Waiver.**

The Commissioner of the Public Debt, as delegate of the Secretary of

the Treasury, may waive or modify any provision of this Circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship (a) if such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

**§351.12 Fiscal agents.**

(a) Federal Reserve Banks and Branches referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her delegate, in connection with the issue, servicing and redemption of Series EE bonds.

(b)(1) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY, (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(2) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

[59 FR 10540, Mar. 4, 1994]

**§351.13 Reservation as to terms of offer.**

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

APPENDIX TO PART 351—TABLE 1, EE BONDS BEARING ISSUE DATES FROM NOVEMBER 1, 1982 THROUGH OCTOBER 1, 1986. TABLE 2, EE BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1986. TABLE 3, EE BONDS BEARING ISSUE DATES MARCH 1, 1993, THROUGH APRIL 1, 1995

Appendix  
TABLE 1  
EE BONDS BEARING ISSUE DATES FROM NOVEMBER 1, 1982 THROUGH OCTOBER 1, 1986

(1) REDEMPTION PERIOD (YEARS AND MONTHS AFTER ISSUE)	REDEMPTION VALUE DURING EACH PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)	ISSUE PRICE	ISSUE YIELD	APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)	(2) FROM START OF PERIOD TO MATURITY	(3) FROM START OF PERIOD TO MATURITY
					PERCENT	PERCENT
A/ 0-0-0	\$25.00	\$25.00	7.50	7.50	7.50	7.50
0-1-0	25.22	104.44	208.88	5222.00	1044.40	5222.00
0-2-0	25.44	208.88	417.76	10444.00	2088.80	4177.60
0-3-0	25.67	313.32	626.64	15666.00	3133.20	6266.40
0-4-0	25.90	417.76	835.52	20888.00	4177.60	8355.20
0-5-0	26.13	522.20	1044.40	27111.00	5222.00	10444.00
0-6-0	26.36	626.64	1253.28	34444.00	6266.40	12532.80
0-7-0	26.59	731.12	1462.24	42888.00	7311.20	14622.40
0-8-0	26.82	835.56	1671.12	52444.00	8355.60	16711.20
0-9-0	27.05	940.00	1880.00	63111.00	9400.00	18800.00
0-10-0	27.28	1044.44	2088.88	74888.00	10444.40	20888.80
0-11-0	27.51	1148.88	2297.76	87777.00	11488.80	22977.60
0-12-0	27.74	1253.32	2506.64	101777.00	12533.20	25066.40
1-0-0	27.97	1357.76	2715.52	116888.00	13577.60	27155.20
1-1-0	28.20	1462.20	2924.40	133111.00	14622.00	29244.00
1-2-0	28.43	1566.64	3133.28	150444.00	15666.40	31332.80
1-3-0	28.66	1671.12	3342.16	168888.00	16711.20	33421.60
1-4-0	28.89	1775.56	3551.12	188444.00	17755.60	35511.20
1-5-0	29.12	1880.00	3760.00	209111.00	18800.00	37600.00
1-6-0	29.35	1984.44	3968.88	230888.00	19844.40	39688.80
1-7-0	29.58	2088.88	4177.76	253777.00	20888.80	41777.60
1-8-0	29.81	2193.32	4386.64	277777.00	21933.20	43866.40
1-9-0	30.04	2297.76	4595.52	302888.00	22977.60	45955.20
2-0-0	30.27	2402.20	4804.40	329111.00	24022.00	48044.00
2-1-0	30.50	2506.64	5013.28	356444.00	25066.40	50132.80
2-2-0	30.73	2611.12	5222.16	384888.00	26111.20	52221.60
2-3-0	30.96	2715.56	5431.12	414444.00	27155.60	54311.20
2-4-0	31.19	2820.00	5640.00	445111.00	28200.00	56400.00
2-5-0	31.42	2924.44	5848.88	476888.00	29244.40	58488.80
2-6-0	31.65	3028.88	6057.76	509777.00	30288.80	60577.60
2-7-0	31.88	3133.32	6266.64	543777.00	31333.20	62666.40
2-8-0	32.11	3237.76	6475.52	578888.00	32377.60	64755.20
2-9-0	32.34	3342.20	6684.40	615111.00	33422.00	66844.00
3-0-0	32.57	3446.64	6893.28	652444.00	34466.40	68932.80
3-1-0	32.80	3551.12	7102.16	690888.00	35511.20	71021.60
3-2-0	33.03	3655.56	7311.12	730444.00	36555.60	73111.20
3-3-0	33.26	3760.00	7520.00	771111.00	37600.00	75200.00
3-4-0	33.49	3864.44	7728.88	812888.00	38644.40	77288.80
3-5-0	33.72	3968.88	7937.76	855777.00	39688.80	79377.60
3-6-0	33.95	4073.32	8146.64	900777.00	40733.20	81466.40
3-7-0	34.18	4177.76	8355.52	947888.00	41777.60	83555.20
3-8-0	34.41	4282.20	8564.40	996111.00	42822.00	85644.00
3-9-0	34.64	4386.64	8773.28	1046444.00	43866.40	87732.80
4-0-0	34.87	4491.12	8982.16	1098888.00	44911.20	89821.60
4-1-0	35.10	4595.56	9191.12	1153444.00	45955.60	91911.20
4-2-0	35.33	4700.00	9400.00	1209111.00	47000.00	94000.00
4-3-0	35.56	4804.44	9608.88	1266888.00	48044.40	96088.80
4-4-0	35.79	4908.88	9817.76	1326777.00	49088.80	98177.60
4-5-0	36.02	5013.32	10026.64	1388888.00	50133.20	100266.40
4-6-0	36.25	5117.76	10235.52	1453111.00	51177.60	102355.20
4-7-0	36.48	5222.20	10444.40	1519444.00	52222.00	104444.00
4-8-0	36.71	5326.64	10653.28	1587888.00	53266.40	106532.80
4-9-0	36.94	5431.12	10862.16	1658444.00	54311.20	108621.60
5-0-0	37.17	5535.56	11071.12	1731111.00	55355.60	110711.20
5-1-0	37.40	5640.00	11280.00	1805888.00	56400.00	112800.00
5-2-0	37.63	5744.44	11488.88	1882777.00	57444.40	114888.80
5-3-0	37.86	5848.88	11697.76	1961888.00	58488.80	116977.60
5-4-0	38.09	5953.32	11906.64	2043111.00	59533.20	119066.40
5-5-0	38.32	6057.76	12115.52	2126444.00	60577.60	121155.20
5-6-0	38.55	6162.20	12324.40	2211888.00	61622.00	123244.00
5-7-0	38.78	6266.64	12533.28	2309444.00	62666.40	125332.80
5-8-0	39.01	6371.12	12742.16	2409111.00	63711.20	127421.60
5-9-0	39.24	6475.56	12951.12	2510888.00	64755.60	129511.20
6-0-0	39.47	6580.00	13160.00	2614777.00	65800.00	131600.00
6-1-0	39.70	6684.44	13368.88	2720777.00	66844.40	133688.80
6-2-0	39.93	6788.88	13577.76	2828888.00	67888.80	135777.60
6-3-0	40.16	6893.32	13786.64	2939111.00	68933.20	137866.40
6-4-0	40.39	6997.76	13995.52	3051444.00	69977.60	139955.20
6-5-0	40.62	7102.20	14204.40	3165888.00	71022.00	142044.00
6-6-0	40.85	7206.64	14413.28	3282444.00	72066.40	144132.80
6-7-0	41.08	7311.12	14622.16	3401111.00	73111.20	146221.60
6-8-0	41.31	7415.56	14831.12	3521888.00	74155.60	148311.20
6-9-0	41.54	7520.00	15040.00	3644777.00	75200.00	150400.00
7-0-0	41.77	7624.44	15248.88	3769888.00	76244.40	152488.80
7-1-0	42.00	7728.88	15457.76	3897111.00	77288.80	154577.60
7-2-0	42.23	7833.32	15666.64	4026444.00	78333.20	156666.40
7-3-0	42.46	7937.76	15875.52	4157888.00	79377.60	158755.20
7-4-0	42.69	8042.20	16084.40	4291444.00	80422.00	160844.00
7-5-0	42.92	8146.64	16293.28	4427111.00	81466.40	162932.80
7-6-0	43.15	8251.12	16502.16	4564888.00	82511.20	165021.60
7-7-0	43.38	8355.56	16711.12	4704777.00	83555.60	167111.20
7-8-0	43.61	8460.00	16920.00	4846888.00	84600.00	169200.00
7-9-0	43.84	8564.44	17128.88	4991111.00	85644.40	171288.80
8-0-0	44.07	8668.88	17337.76	5137444.00	86688.80	173377.60
8-1-0	44.30	8773.32	17546.64	5285888.00	87733.20	175466.40
8-2-0	44.53	8877.76	17755.52	5436444.00	88777.60	177555.20
8-3-0	44.76	8982.20	17964.40	5589111.00	89822.00	179644.00
8-4-0	44.99	9086.64	18173.28	5743888.00	90866.40	181732.80
8-5-0	45.22	9191.12	18382.16	5900777.00	91911.20	183821.60
8-6-0	45.45	9295.56	18591.12	6059888.00	92955.60	185911.20
8-7-0	45.68	9400.00	18800.00	6221111.00	94000.00	188000.00
8-8-0	45.91	9504.44	19008.88	6384444.00	95044.40	190088.80
8-9-0	46.14	9608.88	19217.76	6549888.00	96088.80	192177.60
9-0-0	46.37	9713.32	19426.64	6717444.00	97133.20	194266.40
9-1-0	46.60	9817.76	19635.52	6887111.00	98177.60	196355.20
9-2-0	46.83	9922.20	19844.40	7058888.00	99222.00	198444.00
9-3-0	47.06	10026.64	20053.28	7232777.00	100266.40	200532.80
9-4-0	47.29	10131.12	20262.16	7408888.00	101311.20	202621.60
9-5-0	47.52	10235.56	20471.12	7587111.00	102355.60	204711.20
9-6-0	47.75	10340.00	20680.00	7767444.00	103400.00	206800.00
9-7-0	47.98	10444.44	20888.88	7949888.00	104444.40	208888.80
9-8-0	48.21	10548.88	21097.76	8134444.00	105488.80	210977.60
9-9-0	48.44	10653.32	21306.64	8321111.00	106533.20	213066.40
10-0-0	48.67	10757.76	21515.52	8509888.00	107577.60	215155.20
10-1-0	48.90	10862.20	21724.40	8700777.00	108622.00	217244.00
10-2-0	49.13	10966.64	21933.28	8893888.00	109666.40	219332.80
10-3-0	49.36	11071.12	22142.16	9089111.00	110711.20	221421.60
10-4-0	49.59	11175.56	22351.12	9286444.00	111755.60	223511.20
10-5-0	49.82	11280.00	22560.00	9485888.00	112800.00	225600.00
10-6-0	50.05	11384.44	22768.88	9687444.00	113844.40	227688.80
10-7-0	50.28	11488.88	22977.76	9891111.00	114888.80	229777.60
10-8-0	50.51	11593.32	23186.64	10096888.00	115933.20	231866.40
10-9-0	50.74	11697.76	23395.52	10304777.00	116977.60	233955.20
11-0-0	50.97	11802.20	23604.40	10514888.00	118022.00	236044.00
11-1-0	51.20	11906.64	23813.28	10727111.00	119066.40	238132.80
11-2-0	51.43	12011.12	24022.16	10941444.00	120111.20	240221.60
11-3-0	51.66	12115.56	24231.12	11157888.00	121155.60	242311.20
11-4-0	51.89	12220.00	24440.00	11376444.00	122200.00	244400.00
11-5-0	52.12	12324.44	24648.88	11597111.00	123244.40	246488.80
11-6-0	52.35	12428.88	24857.76	11820888.00	124288.80	248577.60
11-7-0	52.58	12533.32	25066.64	12046777.00	125333.20	250666.40
11-8-0	52.81	12637.76	25275.52	12274888.00	126377.60	252755.20
11-9-0	53.04	12742.20	25484.40	12505111.00	127422.00	254844.00
12-0-0	53.27	12846.64	25693.28	12737444.00	128466.40	256932.80
12-1-0	53.50	12951.12	25902.16	12971888.00	129511.20	259021.60
12-2-0	53.73	13055.56	26111.12	13208444.00	130555.60	261111.20
12-3-0	53.96	13160.00	26320.00	13447111.00	131600.00	263200.00
12-4-0	54.19	13264.44	26528.88	13687888.00	132644.40	265288.80
12-5-0	54.42	13368.88	26737.76	13930777.00	133688.80	267377.60
12-6-0	54.65	13473.32	26946.64	14175888.00	134733.20	26946

TABLE 2

EE BONDS BEARING ISSUE DATES FROM NOVEMBER 1, 1986 THROUGH FEBRUARY 1, 1993

ISSUE PRICE MATURITY VALUE	ISSUE DATE	REDEMPTION PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)	REDEMPTION VALUES DURING EACH PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)			ISSUE DATE (2) FROM START OF PERIOD TO MATURITY	PERCENT PERCENT PERCENT	APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)
			\$	%	%			
100.00	1/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	2/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	3/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	4/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	5/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	6/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	7/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	8/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	9/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	10/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	11/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	12/1/87	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	1/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	2/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	3/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	4/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	5/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	6/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	7/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	8/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	9/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	10/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	11/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	12/1/88	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	1/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	2/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	3/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	4/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	5/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	6/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	7/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	8/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	9/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	10/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	11/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	12/1/89	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	1/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	2/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	3/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	4/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	5/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	6/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	7/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	8/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	9/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	10/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	11/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	12/1/90	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	1/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	2/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	3/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	4/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	5/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	6/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	7/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	8/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	9/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	10/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	11/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	12/1/91	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	1/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	2/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	3/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	4/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	5/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	6/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	7/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	8/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	9/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	10/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	11/1/92	150.00	100.00	250.00	100.00	500.00	8.35	
100.00	12/1/92	150.00	100.00	250.00	100.00	500.00	8.35	

MONTH, DAY, AND YEAR ON WHICH ISSUES OF NOVEMBER 1, 1986 ENTER EACH PERIOD. FOR SUBSEQUENT ISSUE MONTHS ADD THE APPROPRIATE NUMBER OF MONTHS. MATURITY VALUE IS REACHED 12 YEARS AND 0 MONTHS AFTER ISSUE DATE. FOR SUBSEQUENT ISSUE MONTHS ADD THE APPROPRIATE NUMBER OF MONTHS.

THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES BEFORE FIVE YEARS AFTER ISSUE ARE THOSE ESTABLISHED UNDER SECTION 351.2(e)(1) OF THIS CIRCULAR. THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES FIVE YEARS AFTER ISSUE AND THEREAFTER REPRESENT THE MINIMUM GUARANTEED INVESTMENT YIELDS PROVIDED BY SECTION 351.2(e)(1) OF THIS CIRCULAR. THESE REDEMPTION VALUES WILL APPLY UNLESS APPLICATION OF THE VARIABLE RATE PRESCRIBED UNDER SECTION 351.2(e)(2) PRODUCES A HIGHER REDEMPTION VALUE.





ISSUE PRICE		REDEMPTION VALUES DURING EACH PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)										APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)		DURING START OF PERIOD TO MATURITY	
ISSUE PRICE	MATURITY VALUE	\$25.00	\$37.50	\$50.00	\$100.00	\$250.00	\$500.00	\$1000.00	\$5000.00	\$10200.00	PERCENT	PERCENT	PERCENT	PERCENT	
		\$1.00	1.50	2.00	4.00	10.00	20.00	50.00	100.00	250.00	500.00	1000.00	PERCENT	PERCENT	
		(1) YEARS AND MONTHS AFTER ISSUE													
4-5 TO 4-6	( 8/1/97)	30.78	44.67	50.76	119.12	297.80	595.60	2098.00	5956.00	20980.00	59560.00	209800.00	3.97	4.00	
4-6 TO 4-7	( 9/1/97)	29.88	44.82	50.76	119.52	296.80	597.60	2098.00	5976.00	20980.00	59760.00	4.05	4.00		
4-7 TO 4-8	(10/1/97)	29.98	44.97	50.76	119.92	299.80	599.60	2098.00	5996.00	20980.00	59960.00	4.00	4.00		
4-8 TO 4-9	(11/1/97)	30.08	45.12	50.76	120.32	301.80	601.60	2098.00	6016.00	20980.00	60160.00	4.02	4.00		
4-9 TO 4-10	(12/1/97)	30.18	45.27	50.76	120.72	301.80	603.60	2098.00	6036.00	20980.00	60360.00	4.00	4.00		
4-10 TO 5-0	( 1/1/98)	30.28	45.42	50.76	121.12	302.80	607.60	2098.00	6076.00	20980.00	60760.00	3.98	4.00		
5-0 TO 5-1	( 2/1/98)	30.38	45.57	50.76	121.52	304.80	609.60	2098.00	6096.00	20980.00	60960.00	3.97	4.00		
5-1 TO 5-2	( 3/1/98)	30.48	45.72	50.76	121.92	305.80	611.60	2098.00	6116.00	20980.00	61160.00	3.96	4.00		
5-2 TO 5-3	( 4/1/98)	30.58	45.87	50.76	122.32	306.80	613.60	2098.00	6136.00	20980.00	61360.00	3.94	4.00		
5-3 TO 5-4	( 5/1/98)	30.68	46.02	50.76	122.72	307.80	615.60	2098.00	6156.00	20980.00	61560.00	3.93	4.00		
5-4 TO 5-5	( 6/1/98)	30.78	46.17	50.76	123.12	308.80	617.60	2098.00	6176.00	20980.00	61760.00	3.91	4.00		
5-5 TO 5-6	( 7/1/98)	31.00	46.50	50.76	124.00	310.00	620.00	2098.00	6200.00	20980.00	62000.00	3.90	4.00		
5-6 TO 5-7	( 8/1/98)	31.10	46.65	50.76	124.40	311.00	620.00	2098.00	6200.00	20980.00	62000.00	3.89	4.00		
5-7 TO 5-8	( 9/1/98)	31.20	46.80	50.76	124.80	312.00	624.00	2098.00	6240.00	20980.00	62400.00	3.88	4.00		
5-8 TO 5-9	(10/1/98)	31.30	46.95	50.76	125.20	313.00	628.00	2098.00	6280.00	20980.00	62800.00	3.88	4.00		
5-9 TO 6-0	(11/1/98)	31.40	47.10	50.76	125.60	314.00	632.00	2098.00	6320.00	20980.00	63200.00	3.87	4.00		
5-10 TO 6-0	(12/1/98)	31.50	47.25	50.76	126.00	315.00	636.00	2098.00	6360.00	20980.00	63600.00	3.86	4.00		
6-0 TO 6-1	( 1/1/99)	31.62	47.43	50.76	126.48	316.20	640.00	2098.00	6400.00	20980.00	64000.00	3.85	4.00		
6-1 TO 6-2	( 2/1/99)	31.72	47.58	50.76	126.96	317.20	644.00	2098.00	6440.00	20980.00	64400.00	3.84	4.00		
6-2 TO 6-3	( 3/1/99)	31.82	47.73	50.76	127.44	318.20	648.00	2098.00	6480.00	20980.00	64800.00	3.84	4.00		
6-3 TO 6-4	( 4/1/99)	31.92	47.88	50.76	127.92	319.20	652.00	2098.00	6520.00	20980.00	65200.00	3.83	4.00		
6-4 TO 6-5	( 5/1/99)	32.02	48.03	50.76	128.40	320.20	656.00	2098.00	6560.00	20980.00	65600.00	3.82	4.00		
6-5 TO 6-6	( 6/1/99)	32.12	48.18	50.76	128.88	321.20	660.00	2098.00	6600.00	20980.00	66000.00	3.81	4.00		
6-6 TO 6-7	( 7/1/99)	32.22	48.33	50.76	129.36	322.20	664.00	2098.00	6640.00	20980.00	66400.00	3.81	4.00		
6-7 TO 6-8	( 8/1/99)	32.32	48.48	50.76	129.84	323.20	668.00	2098.00	6680.00	20980.00	66800.00	3.80	4.00		
6-8 TO 6-9	( 9/1/99)	32.42	48.63	50.76	130.32	324.20	672.00	2098.00	6720.00	20980.00	67200.00	3.79	4.00		
6-9 TO 6-10	(10/1/99)	32.52	48.78	50.76	130.80	325.20	676.00	2098.00	6760.00	20980.00	67600.00	3.79	4.00		
6-10 TO 6-11	(11/1/99)	32.62	48.93	50.76	131.28	326.20	680.00	2098.00	6800.00	20980.00	68000.00	3.78	4.00		
6-11 TO 7-0	(12/1/99)	32.72	49.08	50.76	131.76	327.20	684.00	2098.00	6840.00	20980.00	68400.00	3.77	4.00		
7-0 TO 7-1	( 1/1/00)	32.82	49.23	50.76	132.24	328.20	688.00	2098.00	6880.00	20980.00	68800.00	3.77	4.00		
7-1 TO 7-2	( 2/1/00)	32.92	49.38	50.76	132.72	329.20	692.00	2098.00	6920.00	20980.00	69200.00	3.76	4.00		
7-2 TO 7-3	( 3/1/00)	33.02	49.53	50.76	133.20	330.20	696.00	2098.00	6960.00	20980.00	69600.00	3.76	4.00		
7-3 TO 7-4	( 4/1/00)	33.12	49.68	50.76	133.68	331.20	700.00	2098.00	7000.00	20980.00	70000.00	3.75	4.00		
7-4 TO 7-5	( 5/1/00)	33.22	49.83	50.76	134.16	332.20	704.00	2098.00	7040.00	20980.00	70400.00	3.75	4.00		
7-5 TO 7-6	( 6/1/00)	33.32	50.00	50.76	134.64	333.20	708.00	2098.00	7080.00	20980.00	70800.00	3.74	4.00		
7-6 TO 7-7	( 7/1/00)	33.42	50.15	50.76	135.12	334.20	712.00	2098.00	7120.00	20980.00	71200.00	3.74	4.00		
7-7 TO 7-8	( 8/1/00)	33.52	50.31	50.76	135.60	335.20	716.00	2098.00	7160.00	20980.00	71600.00	3.73	4.00		
7-8 TO 7-9	( 9/1/00)	33.62	50.47	50.76	136.08	336.20	720.00	2098.00	7200.00	20980.00	72000.00	3.73	4.00		
7-9 TO 7-10	(10/1/00)	33.72	50.63	50.76	136.56	337.20	724.00	2098.00	7240.00	20980.00	72400.00	3.72	4.00		
7-10 TO 8-0	(11/1/00)	34.00	51.15	50.76	138.00	340.00	736.00	2098.00	7360.00	20980.00	73600.00	3.72	4.00		
8-0 TO 8-1	(12/1/00)	34.10	51.30	50.76	138.48	341.00	740.00	2098.00	7400.00	20980.00	74000.00	3.71	4.00		
8-1 TO 8-2	( 1/1/01)	34.20	51.45	50.76	138.96	342.00	744.00	2098.00	7440.00	20980.00	74400.00	3.71	4.00		
8-2 TO 8-3	( 2/1/01)	34.30	51.60	50.76	139.44	343.00	748.00	2098.00	7480.00	20980.00	74800.00	3.70	4.00		
8-3 TO 8-4	( 3/1/01)	34.40	51.75	50.76	139.92	344.00	752.00	2098.00	7520.00	20980.00	75200.00	3.70	4.00		
8-4 TO 8-5	( 4/1/01)	34.50	51.90	50.76	140.40	345.00	756.00	2098.00	7560.00	20980.00	75600.00	3.69	4.00		
8-5 TO 8-6	( 5/1/01)	34.60	52.05	50.76	140.88	346.00	760.00	2098.00	7600.00	20980.00	76000.00	3.69	4.00		
8-6 TO 8-7	( 6/1/01)	34.70	52.20	50.76	141.36	347.00	764.00	2098.00	7640.00	20980.00	76400.00	3.68	4.00		
8-7 TO 8-8	( 7/1/01)	34.80	52.35	50.76	141.84	348.00	768.00	2098.00	7680.00	20980.00	76800.00	3.68	4.00		
8-8 TO 8-9	( 8/1/01)	34.90	52.50	50.76	142.32	349.00	772.00	2098.00	7720.00	20980.00	77200.00	3.67	4.00		
8-9 TO 8-10	( 9/1/01)	35.00	52.65	50.76	142.80	350.00	776.00	2098.00	7760.00	20980.00	77600.00	3.67	4.00		
8-10 TO 9-0	(10/1/01)	35.10	52.80	50.76	143.28	351.00	780.00	2098.00	7800.00	20980.00	78000.00	3.66	4.00		
8-11 TO 9-0	(11/1/01)	35.20	52.95	50.76	143.76	352.00	784.00	2098.00	7840.00	20980.00	78400.00	3.66	4.00		
8-12 TO 9-0	(12/1/01)	35.30	53.10	50.76	144.24	353.00	788.00	2098.00	7880.00	20980.00	78800.00	3.65	4.00		
8-13 TO 9-0	( 1/1/02)	35.40	53.25	50.76	144.72	354.00	792.00	2098.00	7920.00	20980.00	79200.00	3.65	4.00		
8-14 TO 9-0	( 2/1/02)	35.50	53.40	50.76	145.20	355.00	796.00	2098.00	7960.00	20980.00	79600.00	3.64	4.00		
8-15 TO 9-0	( 3/1/02)	35.60	53.55	50.76	145.68	356.00	800.00	2098.00	8000.00	20980.00	80000.00	3.64	4.00		
8-16 TO 9-0	( 4/1/02)	35.70	53.70	50.76	146.16	357.00	804.00	2098.00	8040.00	20980.00	80400.00	3.63	4.00		
8-17 TO 9-0	( 5/1/02)	35.80	53.85	50.76	146.64	358.00	808.00	2098.00	8080.00	20980.00	80800.00	3.63	4.00		
8-18 TO 9-0	( 6/1/02)	35.90	54.00	50.76	147.12	359.00	812.00	2098.00	8120.00	20980.00	81200.00	3.62	4.00		
8-19 TO 9-0	( 7/1/02)	36.00	54.15	50.76	147.60	360.00	816.00	2098.00	8160.00	20980.00	81600.00	3.62	4.00		
8-20 TO 9-0	( 8/1/02)	36.10	54.30	50.76	148.08	361.00	820.00	2098.00	8200.00	20980.00	82000.00	3.61	4.00		
8-21 TO 9-0	( 9/1/02)	36.20	54.45	50.76	148.56	362.00	824.00	2098.00	8240.00	20980.00	82400.00	3.61	4.00		
8-22 TO 9-0	(10/1/02)	36.30	54.60	50.76	149.04	363.00	828.00	2098.00	8280.00	20980.00	82800.00	3.61	4.00		
8-23 TO 9-0	(11/1/02)	36.40	54.75	50.76	149.52	364.00	832.00	2098.00	8320.00	20980.00	83200.00	3.60	4.00		
8-24 TO 9-0	(12/1/02)	36.50	54.90	50.76	150.00	365.00	836.00	2098.00	8360.00	20980.00	83600.00	3.60	4.00		
8-25 TO 9-0	( 1/1/03)	36.60	55.05	50.76	150.48	366.00	840.00	2098.00	8400.00	20980.00	84000.00	3.60	4.00		
8-26 TO 9-0	( 2/1/03)	36.70	55.20	50.76</											

ISSUE PRICE MATURITY VALUE	PERIOD (YEARS AND MONTHS AFTER ISSUE)	REDEMPTION VALUES DURING EACH PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)							APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)						
		\$25.00	\$37.50	\$50.00	\$100.00	\$250.00	\$500.00	\$ 5000.00	12.00%	12.50%	13.00%	13.50%	14.00%	14.50%	15.00%
		51.00	76.50	102.00	204.00	510.00	1020.00	10200.00	PERCENT	PERCENT	PERCENT	PERCENT	PERCENT	PERCENT	PERCENT
0-0	0-10	35.72	53.70	71.48	142.96	357.30	714.60	1572.00	4.00	4.00	4.00	4.00	4.00	4.00	
0-1	1-10	35.84	53.79	71.48	143.96	359.64	714.80	1574.00	4.01	4.01	4.01	4.01	4.01		
0-2	2-10	35.96	53.81	71.48	144.96	361.98	715.00	1576.00	4.01	4.02	4.02	4.02	4.02		
0-3	3-10	36.08	54.12	71.48	145.96	364.32	716.00	1578.00	4.01	4.02	4.02	4.02	4.02		
0-4	4-10	36.20	54.30	71.48	146.96	366.66	716.00	1580.00	4.01	4.02	4.02	4.02	4.02		
0-5	5-10	36.32	54.48	71.48	147.96	369.00	716.00	1582.00	4.01	4.02	4.02	4.02	4.02		
0-6	6-10	36.44	54.66	71.48	148.96	371.34	716.00	1584.00	4.01	4.02	4.02	4.02	4.02		
0-7	7-10	36.56	54.84	71.48	149.96	373.68	716.00	1586.00	4.01	4.02	4.02	4.02	4.02		
0-8	8-10	36.68	55.02	71.48	150.96	376.02	716.00	1588.00	4.01	4.02	4.02	4.02	4.02		
0-9	9-10	36.80	55.20	71.48	151.96	378.36	716.00	1590.00	4.01	4.02	4.02	4.02	4.02		
0-10	10-10	36.92	55.38	71.48	152.96	380.70	716.00	1592.00	4.01	4.02	4.02	4.02	4.02		
0-11	10-11	37.04	55.56	71.48	153.96	383.04	716.00	1594.00	4.01	4.02	4.02	4.02	4.02		
0-12	10-12	37.16	55.74	71.48	154.96	385.38	716.00	1596.00	4.01	4.02	4.02	4.02	4.02		
0-13	10-13	37.28	55.92	71.48	155.96	387.72	716.00	1598.00	4.01	4.02	4.02	4.02	4.02		
0-14	10-14	37.40	56.10	71.48	156.96	390.06	716.00	1600.00	4.01	4.02	4.02	4.02	4.02		
0-15	10-15	37.52	56.28	71.48	157.96	392.40	716.00	1602.00	4.01	4.02	4.02	4.02	4.02		
0-16	10-16	37.64	56.46	71.48	158.96	394.74	716.00	1604.00	4.01	4.02	4.02	4.02	4.02		
0-17	10-17	37.76	56.64	71.48	159.96	397.08	716.00	1606.00	4.01	4.02	4.02	4.02	4.02		
0-18	10-18	37.88	56.82	71.48	160.96	399.42	716.00	1608.00	4.01	4.02	4.02	4.02	4.02		
0-19	10-19	38.00	57.00	71.48	161.96	401.76	716.00	1610.00	4.01	4.02	4.02	4.02	4.02		
0-20	10-20	38.12	57.18	71.48	162.96	404.10	716.00	1612.00	4.01	4.02	4.02	4.02	4.02		
0-21	10-21	38.24	57.36	71.48	163.96	406.44	716.00	1614.00	4.01	4.02	4.02	4.02	4.02		
0-22	10-22	38.36	57.54	71.48	164.96	408.78	716.00	1616.00	4.01	4.02	4.02	4.02	4.02		
0-23	10-23	38.48	57.72	71.48	165.96	411.12	716.00	1618.00	4.01	4.02	4.02	4.02	4.02		
0-24	10-24	38.60	57.90	71.48	166.96	413.46	716.00	1620.00	4.01	4.02	4.02	4.02	4.02		
0-25	10-25	38.72	58.08	71.48	167.96	415.80	716.00	1622.00	4.01	4.02	4.02	4.02	4.02		
0-26	10-26	38.84	58.26	71.48	168.96	418.14	716.00	1624.00	4.01	4.02	4.02	4.02	4.02		
0-27	10-27	38.96	58.44	71.48	169.96	420.48	716.00	1626.00	4.01	4.02	4.02	4.02	4.02		
0-28	10-28	39.08	58.62	71.48	170.96	422.82	716.00	1628.00	4.01	4.02	4.02	4.02	4.02		
0-29	10-29	39.20	58.80	71.48	171.96	425.16	716.00	1630.00	4.01	4.02	4.02	4.02	4.02		
0-30	10-30	39.32	58.98	71.48	172.96	427.50	716.00	1632.00	4.01	4.02	4.02	4.02	4.02		
0-31	10-31	39.44	59.16	71.48	173.96	429.84	716.00	1634.00	4.01	4.02	4.02	4.02	4.02		
0-32	10-32	39.56	59.34	71.48	174.96	432.18	716.00	1636.00	4.01	4.02	4.02	4.02	4.02		
0-33	10-33	39.68	59.52	71.48	175.96	434.52	716.00	1638.00	4.01	4.02	4.02	4.02	4.02		
0-34	10-34	39.80	59.70	71.48	176.96	436.86	716.00	1640.00	4.01	4.02	4.02	4.02	4.02		
0-35	10-35	39.92	59.88	71.48	177.96	439.20	716.00	1642.00	4.01	4.02	4.02	4.02	4.02		
0-36	10-36	40.04	60.06	71.48	178.96	441.54	716.00	1644.00	4.01	4.02	4.02	4.02	4.02		
0-37	10-37	40.16	60.24	71.48	179.96	443.88	716.00	1646.00	4.01	4.02	4.02	4.02	4.02		
0-38	10-38	40.28	60.42	71.48	180.96	446.22	716.00	1648.00	4.01	4.02	4.02	4.02	4.02		
0-39	10-39	40.40	60.60	71.48	181.96	448.56	716.00	1650.00	4.01	4.02	4.02	4.02	4.02		
0-40	10-40	40.52	60.78	71.48	182.96	450.90	716.00	1652.00	4.01	4.02	4.02	4.02	4.02		
0-41	10-41	40.64	60.96	71.48	183.96	453.24	716.00	1654.00	4.01	4.02	4.02	4.02	4.02		
0-42	10-42	40.76	61.14	71.48	184.96	455.58	716.00	1656.00	4.01	4.02	4.02	4.02	4.02		
0-43	10-43	40.88	61.32	71.48	185.96	457.92	716.00	1658.00	4.01	4.02	4.02	4.02	4.02		
0-44	10-44	41.00	61.50	71.48	186.96	460.26	716.00	1660.00	4.01	4.02	4.02	4.02	4.02		
0-45	10-45	41.12	61.68	71.48	187.96	462.60	716.00	1662.00	4.01	4.02	4.02	4.02	4.02		
0-46	10-46	41.24	61.86	71.48	188.96	464.94	716.00	1664.00	4.01	4.02	4.02	4.02	4.02		
0-47	10-47	41.36	62.04	71.48	189.96	467.28	716.00	1666.00	4.01	4.02	4.02	4.02	4.02		
0-48	10-48	41.48	62.22	71.48	190.96	469.62	716.00	1668.00	4.01	4.02	4.02	4.02	4.02		
0-49	10-49	41.60	62.40	71.48	191.96	471.96	716.00	1670.00	4.01	4.02	4.02	4.02	4.02		
0-50	10-50	41.72	62.58	71.48	192.96	474.30	716.00	1672.00	4.01	4.02	4.02	4.02	4.02		
0-51	10-51	41.84	62.76	71.48	193.96	476.64	716.00	1674.00	4.01	4.02	4.02	4.02	4.02		
0-52	10-52	41.96	62.94	71.48	194.96	478.98	716.00	1676.00	4.01	4.02	4.02	4.02	4.02		
0-53	10-53	42.08	63.12	71.48	195.96	481.32	716.00	1678.00	4.01	4.02	4.02	4.02	4.02		
0-54	10-54	42.20	63.30	71.48	196.96	483.66	716.00	1680.00	4.01	4.02	4.02	4.02	4.02		
0-55	10-55	42.32	63.48	71.48	197.96	486.00	716.00	1682.00	4.01	4.02	4.02	4.02	4.02		
0-56	10-56	42.44	63.66	71.48	198.96	488.34	716.00	1684.00	4.01	4.02	4.02	4.02	4.02		
0-57	10-57	42.56	63.84	71.48	199.96	490.68	716.00	1686.00	4.01	4.02	4.02	4.02	4.02		
0-58	10-58	42.68	64.02	71.48	200.96	493.02	716.00	1688.00	4.01	4.02	4.02	4.02	4.02		
0-59	10-59	42.80	64.20	71.48	201.96	495.36	716.00	1690.00	4.01	4.02	4.02	4.02	4.02		
0-60	10-60	42.92	64.38	71.48	202.96	497.70	716.00	1692.00	4.01	4.02	4.02	4.02	4.02		
0-61	10-61	43.04	64.56	71.48	203.96	500.04	716.00	1694.00	4.01	4.02	4.02	4.02	4.02		
0-62	10-62	43.16	64.74	71.48	204.96	502.38	716.00	1696.00	4.01	4.02	4.02	4.02	4.02		
0-63	10-63	43.28	64.92	71.48	205.96	504.72	716.00	1698.00	4.01	4.02	4.02	4.02	4.02		
0-64	10-64	43.40	65.10	71.48	206.96	507.06	716.00	1700.00	4.01	4.02	4.02	4.02	4.02		
0-65	10-65	43.52	65.28	71.48	207.96	509.40	716.00	1702.00	4.01	4.02	4.02	4.02	4.02		
0-66	10-66	43.64	65.46	71.48	208.96	511.74	716.00	1704.00	4.01	4.02	4.02	4.02	4.02		
0-67	10-67	43.76	65.64	71.48	209.96	514.08	716.00	1706.00	4.01	4.02	4.02	4.02	4.02		
0-68	10-68	43.88	65.82	71.48	210.96	516.42	716.00	1708.00	4.01	4.02	4.02	4.02	4.02		
0-69	10-69	44.00	66.00	71.48	211.96	518.76	716.00	1710.00	4.01	4.02	4.02	4.02	4.02		
0-70	10-70	44.12	66.18	71.48	212.96	521.10	716.00	1712.00	4.01	4.02	4.02	4.02	4.02		
0-71	10-71	44.24	66.36	71.48	213.96	523.44	716.00	1714.00	4.01	4.02	4.02	4.02	4.02		
0-72	10-72	44.36	66.54	71.48	214.96	525.78	716.00	1716.00	4.01	4.02	4.02	4.02	4.02		
0-73	10-73	44.48	66.72	71.48	215.96	528.12	716.00	1718.00	4.01	4.02	4.02	4.02	4.02		
0-74</															

ISSUE PRICE MATURITY VALUE	ISSUE DATE (2) FROM ISSUE DATE PERIOD OF PERIOD	APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)	(\$25.00 \$37.50 \$50.00 \$100.00 \$250.00 \$500.00 \$1,000.00 \$2500.00 \$5000.00 \$10200.00	DURING EACH PERIOD (VALUES INCREASE ON FIRST DATE OF PERIOD)	(1) REDEMPTION VALUES		(2) FROM ISSUE DATE PERIOD OF PERIOD		(3) DURING EACH PERIOD		(4) FROM ISSUE DATE PERIOD OF PERIOD	
					(YEARS AND MONTHS AFTER ISSUE)	PERCENT	PERCENT	PERCENT	PERCENT	PERCENT	PERCENT	
13-7	10/13/06	4.00	42.82	171.28	489.20	856.40	4.00	4.00	3.96	4.00	4.00	
13-8	11/1/06	4.00	42.96	171.84	491.60	859.20	4.00	4.00	3.96	4.00	4.00	
13-9	11/1/06	4.00	43.00	172.00	492.00	860.00	4.00	4.00	3.96	4.00	4.00	
13-10	11/1/07	4.00	43.24	172.96	494.00	862.80	4.00	4.00	3.96	4.00	4.00	
13-11	11/1/07	4.00	43.40	173.60	496.00	866.00	4.00	4.00	3.96	4.00	4.00	
14-0	10/14/01	4.00	43.54	174.16	497.80	870.00	4.00	4.00	3.99	4.00	4.00	
14-1	10/14/02	4.00	43.68	174.72	499.60	873.60	4.00	4.00	3.88	4.00	4.00	
14-2	10/14/03	4.00	43.82	175.28	501.40	877.20	4.00	4.00	3.86	4.00	4.00	
14-3	10/14/04	4.00	43.96	175.84	503.20	880.80	4.00	4.00	3.84	4.00	4.00	
14-4	10/14/05	4.00	44.10	176.40	505.00	884.40	4.00	4.00	3.83	4.00	4.00	
14-5	10/14/06	4.00	44.24	176.96	506.80	888.00	4.00	4.00	3.83	4.00	4.00	
14-6	10/14/07	4.00	44.38	177.52	508.60	891.60	4.00	4.00	3.83	4.00	4.00	
14-7	10/14/08	4.00	44.52	178.08	510.40	895.20	4.00	4.00	3.80	4.00	4.00	
14-8	10/14/09	4.00	44.66	178.64	512.20	898.80	4.00	4.00	3.80	4.00	4.00	
14-9	10/14/10	4.00	44.80	179.20	514.00	902.40	4.00	4.00	3.79	4.00	4.00	
14-10	10/14/11	4.00	44.94	179.76	515.80	906.00	4.00	4.00	4.32	4.00	4.00	
14-11	10/14/12	4.00	45.08	180.32	517.60	909.60	4.00	4.00	4.26	4.00	4.00	
15-0	10/15/00	4.00	45.22	180.88	519.40	913.20	4.00	4.00	4.26	4.00	4.00	
15-1	10/15/01	4.00	45.36	181.44	521.20	916.80	4.00	4.00	4.26	4.00	4.00	
15-2	10/15/02	4.00	45.50	182.00	523.00	920.40	4.00	4.00	4.26	4.00	4.00	
15-3	10/15/03	4.00	45.64	182.56	524.80	924.00	4.00	4.00	4.26	4.00	4.00	
15-4	10/15/04	4.00	45.78	183.12	526.60	927.60	4.00	4.00	4.26	4.00	4.00	
15-5	10/15/05	4.00	45.92	183.68	528.40	931.20	4.00	4.00	4.26	4.00	4.00	
15-6	10/15/06	4.00	46.06	184.24	530.20	934.80	4.00	4.00	4.26	4.00	4.00	
15-7	10/15/07	4.00	46.20	184.80	532.00	938.40	4.00	4.00	4.26	4.00	4.00	
15-8	10/15/08	4.00	46.34	185.36	533.80	942.00	4.00	4.00	4.26	4.00	4.00	
15-9	10/15/09	4.00	46.48	185.92	535.60	945.60	4.00	4.00	4.26	4.00	4.00	
15-10	10/15/10	4.00	46.62	186.48	537.40	949.20	4.00	4.00	4.26	4.00	4.00	
15-11	10/15/11	4.00	46.76	187.04	539.20	952.80	4.00	4.00	4.26	4.00	4.00	
15-12	10/15/12	4.00	46.90	187.60	541.00	956.40	4.00	4.00	4.26	4.00	4.00	
16-0	10/16/01	4.00	47.04	188.16	542.80	960.00	4.00	4.00	4.26	4.00	4.00	
16-1	10/16/02	4.00	47.18	188.72	544.60	963.60	4.00	4.00	4.26	4.00	4.00	
16-2	10/16/03	4.00	47.32	189.28	546.40	967.20	4.00	4.00	4.26	4.00	4.00	
16-3	10/16/04	4.00	47.46	189.84	548.20	970.80	4.00	4.00	4.26	4.00	4.00	
16-4	10/16/05	4.00	47.60	190.40	550.00	974.40	4.00	4.00	4.26	4.00	4.00	
16-5	10/16/06	4.00	47.74	190.96	551.80	978.00	4.00	4.00	4.26	4.00	4.00	
16-6	10/16/07	4.00	47.88	191.52	553.60	981.60	4.00	4.00	4.26	4.00	4.00	
16-7	10/16/08	4.00	48.02	192.08	555.40	985.20	4.00	4.00	4.26	4.00	4.00	
16-8	10/16/09	4.00	48.16	192.64	557.20	988.80	4.00	4.00	4.26	4.00	4.00	
16-9	10/16/10	4.00	48.30	193.20	559.00	992.40	4.00	4.00	4.26	4.00	4.00	
16-10	10/16/11	4.00	48.44	193.76	560.80	996.00	4.00	4.00	4.26	4.00	4.00	
16-11	10/16/12	4.00	48.58	194.32	562.60	1000.00	4.00	4.00	4.26	4.00	4.00	
17-0	10/17/00	4.00	48.72	194.88	564.40	1004.00	4.00	4.00	4.26	4.00	4.00	
17-1	10/17/01	4.00	48.86	195.44	566.20	1008.00	4.00	4.00	4.26	4.00	4.00	
17-2	10/17/02	4.00	49.00	196.00	568.00	1012.00	4.00	4.00	4.26	4.00	4.00	
17-3	10/17/03	4.00	49.14	196.56	569.80	1016.00	4.00	4.00	4.26	4.00	4.00	
17-4	10/17/04	4.00	49.28	197.12	571.60	1020.00	4.00	4.00	4.26	4.00	4.00	
17-5	10/17/05	4.00	49.42	197.68	573.40	1024.00	4.00	4.00	4.26	4.00	4.00	
17-6	10/17/06	4.00	49.56	198.24	575.20	1028.00	4.00	4.00	4.26	4.00	4.00	
17-7	10/17/07	4.00	49.70	198.80	577.00	1032.00	4.00	4.00	4.26	4.00	4.00	
17-8	10/17/08	4.00	49.84	199.36	578.80	1036.00	4.00	4.00	4.26	4.00	4.00	
17-9	10/17/09	4.00	49.98	199.92	580.60	1040.00	4.00	4.00	4.26	4.00	4.00	
17-10	10/17/10	4.00	50.12	200.48	582.40	1044.00	4.00	4.00	4.26	4.00	4.00	
17-11	10/17/11	4.00	50.26	201.04	584.20	1048.00	4.00	4.00	4.26	4.00	4.00	
17-12	10/17/12	4.00	50.40	201.60	586.00	1052.00	4.00	4.00	4.26	4.00	4.00	
18-0	10/18/00	4.00	50.54	202.16	587.80	1056.00	4.00	4.00	4.26	4.00	4.00	
18-1	10/18/01	4.00	50.68	202.72	589.60	1060.00	4.00	4.00	4.26	4.00	4.00	
18-2	10/18/02	4.00	50.82	203.28	591.40	1064.00	4.00	4.00	4.26	4.00	4.00	
18-3	10/18/03	4.00	50.96	203.84	593.20	1068.00	4.00	4.00	4.26	4.00	4.00	
18-4	10/18/04	4.00	51.10	204.40	595.00	1072.00	4.00	4.00	4.26	4.00	4.00	
18-5	10/18/05	4.00	51.24	204.96	596.80	1076.00	4.00	4.00	4.26	4.00	4.00	
18-6	10/18/06	4.00	51.38	205.52	598.60	1080.00	4.00	4.00	4.26	4.00	4.00	
18-7	10/18/07	4.00	51.52	206.08	600.40	1084.00	4.00	4.00	4.26	4.00	4.00	
18-8	10/18/08	4.00	51.66	206.64	602.20	1088.00	4.00	4.00	4.26	4.00	4.00	
18-9	10/18/09	4.00	51.80	207.20	604.00	1092.00	4.00	4.00	4.26	4.00	4.00	
18-10	10/18/10	4.00	51.94	207.76	605.80	1096.00	4.00	4.00	4.26	4.00	4.00	
18-11	10/18/11	4.00	52.08	208.32	607.60	1100.00	4.00	4.00	4.26	4.00	4.00	
18-12	10/18/12	4.00	52.22	208.88	609.40	1104.00	4.00	4.00	4.26	4.00	4.00	

1/ MONTH, DAY, AND YEAR ON WHICH ISSUES OF MARCH 1, 1993 ENTER EACH PERIOD. FOR SUBSEQUENT ISSUE MONTHS ADD THE APPROPRIATE NUMBER OF MONTHS.  
2/ MATURITY VALUE IS REACHED 18 YEARS AND 0 MONTHS AFTER ISSUE DATE.  
A/ THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES BEFORE FIVE YEARS AFTER ISSUE ARE THOSE ESTABLISHED BY THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES FIVE YEARS AFTER ISSUE AND THEREAFTER REPRESENT THE MINIMUM GUARANTEED INVESTMENT YIELDS PROVIDED BY SECTION 351.2(e)(1) OF THIS CIRCULAR. THESE REDEMPTION VALUES WILL APPLY UNLESS APPLICATION OF THE VARIABLE RATE PRESCRIBED UNDER SECTION 351.2(e)(2) PRODUCES A HIGHER REDEMPTION VALUE.

[55 FR 567, Jan. 5, 1990, as amended at 58 FR 60939, Nov. 18, 1993; 62 FR 24283, May 2, 1997]

## PART 352—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES HH

Sec.	
352.0	Offering of bonds.
352.1	Governing regulations.
352.2	Description of bonds.
352.3	Registration and issue.
352.4	Limitation on purchases.
352.5	Authorized issuing and paying agents.
352.6	[Reserved]
352.7	Issues on exchange.
352.8	Reinvestment of matured Series H bonds.
352.9	Delivery of bonds.
352.10	Taxation.
352.11	Reservation as to issue of bonds.
352.12	Waiver.
352.13	Fiscal agents.
352.14	Reservation as to terms of offer.

TABLE 1—HH BONDS BEARING ISSUE DATES BEGINNING MARCH 1, 1993

AUTHORITY: 31 U.S.C. 3105, 5 U.S.C. 301.

SOURCE: 54 FR 40249, Sept. 29, 1989, unless otherwise noted.

### § 352.0 Offering of bonds.

The Secretary of the Treasury hereby offers to the people of the United States, United States Savings Bonds of Series HH in exchange for eligible United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares). This offering, effective as of March 1, 1993, will continue until terminated by the Secretary of the Treasury.

[54 FR 40249, Sept. 29, 1989, as amended at 58 FR 60947, Nov. 18, 1993]

### § 352.1 Governing regulations.

Series HH bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series EE and HH contained in Department of the Treasury Circular, Public Debt Series No. 3-80, as amended (31 CFR part 353), hereinafter referred to as Circular No. 3-80.

### § 352.2 Description of bonds.

(a) *General.* Series HH bonds are issued only in registered form and are nontransferable. The bonds are distinguishable by the portraits, color, border design, tax-deferral legend, and text material.

(b) *Denominations and prices.* Series HH bonds are issued at face amount

and are in denominations of \$500, \$1,000, \$5,000 and \$10,000.

(c) *Term.* Each bond bears an issue date which is the date from which interest is earned. The date is established as provided in § 352.7(f). Series HH bonds have an original maturity period of 10 years and have been granted an extended maturity period of 10 years; they will reach final maturity 20 years from their issue dates.

(d) *Redemption.* A Series HH bond may be redeemed after six months from its issue date. The Secretary of the Treasury may not call Series HH bonds for redemption prior to maturity. In any case where Series HH bonds are surrendered to an authorized paying agent for redemption in the month prior to an interest payment date, redemption will not be deferred but will be made in regular course, unless the presenter specifically requests that the transaction be delayed until that date. A request to defer redemption made more than one month preceding the interest payment date will not be accepted.

(e) *Investment yield (interest).* (1) During original maturity. Interest payments on Series HH bonds will produce the investment yields specified below during their original maturity period:

(i) *Current offering.* Series HH bonds issued on or after March 1, 1993, yield 4 percent per annum, paid semiannually, to original maturity. See Table 1 in the Appendix to this Circular.

(ii) *Bonds with issue dates of November 1, 1986, through February 1, 1993.* Series HH bonds with issue dates of November 1, 1986, through February 1, 1993, yield 6 percent per annum, paid semiannually, to original maturity.

(iii) *Bonds with issue dates of November 1, 1986, through September 1, 1989.* Series HH bonds with issue dates of November 1, 1986, through September 1, 1989, will yield 6 percent per annum, paid semiannually, to original maturity.

(iv) *Bonds with issue dates of November 1, 1982, through October 1, 1986.* Series HH bonds with issue dates of November 1, 1982, through October 1, 1986, will yield 7.5 percent per annum, paid semiannually, to original maturity.

(v) *Bonds with issue dates of May 1, 1981, through October 1, 1982.* Series HH bonds with issue dates of May 1, 1981,

through October 1, 1982, will yield 8.5 percent per annum, paid semiannually, to original maturity.

(vi) *Bonds with issue dates of November 1, 1980, through April 1, 1981.* Series HH bonds with issue dates of November 1, 1980, through April 1, 1981, were originally offered to yield 7.5 percent per annum, paid semiannually. The yield to original maturity was increased by 1 percent, effective with the first full semiannual interest accrual period beginning on or after May 1, 1981.

(vii) *Bonds with issue dates of January 1, 1980, through October 1, 1980.* Series HH bonds with issue dates of January 1, 1980, through October 1, 1980, were originally offered to yield 6.5 percent per annum, paid semiannually. The yield to original maturity was increased by 1 percent, effective with the first full semiannual interest accrual period beginning on or after November 1, 1980, and an additional 1 percent, effective with the first full semiannual interest accrual period beginning on or after May 1, 1981.

(2) *During extended maturity.* The investment yield during the 10-year extended maturity period authorized for Series HH bonds is 4 percent per annum, paid semiannually, unless changed prior to the beginning of such period, for any Series HH bond that entered or enter such period on or after March 1, 1993; and, 6 percent per annum, paid semiannually, for any Series HH bond that entered into such period from January 1, 1990, through February 1, 1993.

(f) *Payment of interest.* The interest on a Series HH bond is paid semiannually beginning six months from the issue date. Interest ceases at final maturity or, if the bond is redeemed before final maturity, as of the end of the interest period preceding the date of redemption. If the redemption date falls on an interest payment date, interest ceases on that date.

(1) *Bonds issued on or after October 1, 1989.* Interest on Series HH bonds issued on or after October 1, 1989, will be paid by the automated clearing house (ACH) method to the registered owner or co-owner's account at a financial institution, unless the Bureau of the Public Debt determines that extraordinary

circumstances warrant payment by check or other means.

(2) *Bonds issued prior to October 1, 1989.* Interest on Series HH bonds issued prior to October 1, 1989, will be paid as follows:

(i) By check drawn to the order of the registered owner or both coowners; or

(ii) Upon request, by the ACH method to the owner or coowner's account at a financial institution.

(g) *Rules governing payment of interest by the ACH method.* Provisions contained in §353.31 of Department of the Treasury Circular, Public Debt Series No. 3-80, as amended (31 CFR part 353), apply to the submission of deposit account information for Series HH interest payments made on and after October 1, 1989, for which ACH payment:

(1) Is required under paragraph (f)(1) of this section;

(2) Is requested by an owner or co-owner on or after October 1, 1989, pursuant to paragraph (f)(2) of this section; or

(3) Was requested by an owner or co-owner prior to October 1, 1989.

Interest payments made by the ACH method on and after October 1, 1989, will be processed in accordance with 31 CFR part 370.

(Approved by the Office of Management and Budget under control number 1535-0094)

(h) *Tables of interest payments and redemption values.* Tables showing the interest payments and redemption values of bonds issued under previous revisions of this Circular will be available from the Bureau of the Public Debt and designated Federal Reserve Banks.

[54 FR 40249, Sept. 29, 1989, as amended at 58 FR 60947, Nov. 18, 1993; 59 FR 10540, Mar. 4, 1994]

### § 352.3 Registration and issue.

(a) *Registration.* Series HH bonds may be registered as set forth in subpart B of 31 CFR part 353, also published as Department of the Treasury Circular, Public Debt Series No. 3-80.

(b) *Validity of issue.* A bond is validly issued when it is registered as provided 31 CFR part 353, also published as Department of the Treasury Circular, Public Debt Series No. 3-80, and bears an issue date and appropriate validation indicia.

## § 352.4

(c) *Taxpayer identifying number.* The inscription of a bond must include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable.

[54 FR 40249, Sept. 29, 1989, as amended at 57 FR 14286, Apr. 17, 1992]

### § 352.4 Limitation on purchases.

Series HH bonds issued under the terms of this Circular are not subject to a purchase limitation.

### § 352.5 Authorized issuing and paying agents.

Series HH bonds may be issued or redeemed only by Federal Reserve Banks (see § 352.13) and the Bureau of the Public Debt.

[54 FR 40249, Sept. 29, 1989, as amended at 59 FR 10540, Mar. 4, 1994]

### § 352.6 [Reserved]

### § 352.7 Issues on exchange.

(a) *Securities eligible for exchange.* Owners may exchange United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares) at their current redemption values for Series HH bonds. Series E bonds and savings notes remain eligible for exchange for a period of one year from the month in which they reached final maturity. Series EE bonds become eligible for exchange six months after their issue dates.

(b) *Basis for issue.* Series HH bonds will be issued on exchange by an authorized issuing agent upon receipt of a properly executed exchange application with eligible securities, and additional cash, if any, and any supporting evidence that may be required under the regulations. If eligible securities are submitted directly to a Federal Reserve Bank referred to in § 351.13, each must bear a properly signed and certified request for payment. Checks in payment of additional cash needed to complete a transaction (see paragraph (d) of this section) must be drawn to the order of the Federal Reserve Bank.

(c) *Role of financial institutions.* Department of the Treasury Circular No. 750, current revision (31 CFR part 321),

## 31 CFR Ch. II (7-1-02 Edition)

authorizes financial institutions qualified as paying agents for savings bonds and notes to redeem eligible securities presented for exchange and to forward an exchange application and full payment to a Federal Reserve Bank referred to in § 351.13 for the issue of Series HH bonds. The securities redeemed on exchange by such an institution must be securities which it is authorized to redeem for cash.

(d) *Computation of issue price.* The total current redemption value of the eligible securities submitted for exchange in any one transaction must be \$500 or more. If the current redemption value is an even multiple of \$500, Series HH bonds must be issued in that exact amount. If the current redemption value exceeds, but is not an even multiple of, \$500, the owner has the option either:

(1) To add the cash necessary to bring the amount of the application to the next higher multiple of \$500, or

(2) To receive a payment to reduce the amount of the application to the next lower multiple of \$500.

(e) *Registration.* A Series HH bond issued on exchange may be registered in any form authorized in subpart B of Circular No. 3-80, subject to the following restrictions:

(1) If the securities submitted for exchange are in single ownership form, the owner must be named as owner or first-named coowner on the Series HH bonds. A coowner or beneficiary may be named.

(2) If the securities submitted for exchange are in coownership form, and one coowner is the "principal coowner", that person must be named as owner or first-named coowner on the Series HH bonds. A coowner or beneficiary may also be named. The "principal coowner" is the coowner who purchased the securities presented for exchange with his or her own funds, or received them as a gift, inheritance or legacy, or as a result of judicial proceedings, and had them reissued in coownership form, provided he or she has received no contribution in money or money's worth for designating the other coowner on the securities.

(3) If the securities presented for exchange are in coownership form, and both coowners shared in their purchase



or received them jointly as a gift, inheritance, or legacy or as a result of judicial proceedings, both persons must be named as coowners on the Series HH bonds.

(4) If the securities presented for exchange are in beneficiary form, the owner must be named on the Series HH bonds as owner or first-named coowner. If the owner is deceased, a surviving beneficiary must be named as owner or first-named coowner. In either case, a coowner or beneficiary may also be named.

(f) *Issue date.* Series HH bonds issued on exchange will be dated as of the first day of the month in which the eligible securities presented for exchange are redeemed by an authorized paying agent, as evidenced in the payment stamp on the securities and the exchange application.

(g) *Tax-deferred exchanges.* (1) Continuation of tax deferral. Pursuant to the provisions of the Internal Revenue Code of 1954, as amended, an owner who has not been reporting the interest on his or her Series E or EE bonds and savings notes on an accrual basis for Federal income tax purposes, and who exchanges those securities for Series HH bonds, may continue to defer reporting the interest on the securities exchanged until the taxable year in which the Series HH bonds received in the exchange reach final maturity, are redeemed, or are otherwise disposed of, whichever is earlier. A reissue transaction that affects any of the persons required to be named on the Series HH bonds, as set forth in paragraph (e) of this section, may result in termination of the tax deferral privilege.

(2) *Tax deferral legend.* Each bond issued in a tax-deferred exchange shall bear a legend showing how much of its issue price represents interest on the securities exchanged. This interest must be treated as income for Federal income tax purposes and reported in accordance with paragraph (g)(1) of this section.

(3) *Reporting of interest paid to owner.* To the extent that it represents interest earned on the securities presented for exchange, an amount paid to an owner in accordance with paragraph (d) of this section is reportable as income for Federal income tax purposes for the

year in which it is paid. Pursuant to 26 CFR 1.6049.4, a paying agent is required to report interest income of \$10 or more included in any amount paid in an exchange transaction to the payee and to the Internal Revenue Service on Form 1099-INT or an approved substitute. A separate report may be made for each exchange transaction in which interest in the amount of \$10 or more is paid, or all interest paid in both cash redemption and exchange transactions may be aggregated and reported annually should the total amount be \$10 or more.

(h) *Exchanges without tax deferral.* The rules prescribed for exchanges under paragraphs (a) through (f) of this section also apply to exchanges by owners who report the interest earned on their bonds of Series E and EE and savings notes annually for Federal income tax purposes, or elect to report all such interest that was not previously reported for the taxable year of the exchange. Series HH bonds issued in a nontax-deferred exchange shall show a "0" in the tax-deferral legend.

[54 FR 40249, Sept. 29, 1989, as amended at 59 FR 10540, Mar. 4, 1994]

#### § 352.8 Reinvestment of matured Series H bonds.

(a) *General.* The proceeds of matured Series H bonds, whether purchased for cash or issued in exchange for other securities, may be reinvested in Series HH bonds. Tax deferral granted to interest earned on securities exchanged for Series H bonds may not be continued when the Series H bonds reach final maturity and their proceeds are reinvested in Series HH bonds. The amount appearing in the legend on a matured Series H bond on which tax deferral was granted must be reported for Federal income tax purposes for the year of such final maturity.

(b) *Rules.* The reinvestment transaction will be subject to the rules governing exchanges, as set forth in § 352.7 of this Circular, and the Series HH bonds issued on reinvestment will be identical in all respects with those issued in a non-tax-deferred exchange.

#### § 352.9 Delivery of bonds.

Authorized issuing agents will deliver Series HH bonds by mail at the

**§ 352.10**

**31 CFR Ch. II (7-1-02 Edition)**

risk and expense of the United States to the address given by the applicant, if it is within the United States, one of its territories or possessions, or the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made. Bonds acquired by a citizen of the United States residing abroad will be delivered only to such address in the United States as the applicant directs.

**§ 352.10 Taxation.**

The interest paid on Series HH bonds is subject to all taxes imposed under the Internal Revenue Code of 1954, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest by any State or any local taxing authority.

**§ 352.11 Reservation as to issue of bonds.**

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, reserves the right to reject any application for Series HH bonds, in whole or in part, and to refuse to issue or permit to be issued any bonds in any case or class of cases, if the action is deemed to be in the

public interest. The Commissioner's action in such respect is final.

**§ 352.12 Waiver.**

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, may waive or modify any provision of this Circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship if:

- (a) Such action would not be inconsistent with law or equity;
- (b) It does not impair any existing rights; and
- (c) The Commissioner is satisfied that such action would not subject the United States to any substantial expense or liability.

**§ 352.13 Fiscal agents.**

(a) Federal Reserve Banks and Branches, referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her delegate, in connection with the issue, servicing, and redemption of Series HH bonds.

(b)(1) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(2) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

[59 FR 10541, Mar. 4, 1994]

**§ 352.14 Reservation as to terms of offer.**

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

TABLE 1

HH BONDS BEARING ISSUE DATES BEGINNING MARCH 1, 1993

ISSUE PRICE . . . . .	\$500	\$1,000	\$5,000	\$10,000	APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)		
REDEMPTION AND MATURITY VALUE 1/	500	1,000	5,000	10,000	(2) FROM EACH INTEREST PAYMENT DATE	(3) FOR HALF-YEAR PRECEDING INTEREST PAYMENT DATE	(4) FROM EACH PAYMENT DATE TO MATURITY DATE
PERIOD OF TIME BOND IS HELD AFTER ISSUE DATE	(1) AMOUNTS OF INTEREST PAYMENTS FOR EACH DENOMINATION				PERCENT	PERCENT	PERCENT
0.5 YEARS . . . . .	\$10.00	\$20.00	\$100.00	\$200.00	4.00	4.00	4.00
1.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
1.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
2.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
2.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
3.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
3.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
4.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
4.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
5.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
5.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
6.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
6.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
7.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
7.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
8.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
8.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
9.0 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
9.5 YEARS . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	4.00
10.0 YEARS 2/ . . . . .	10.00	20.00	100.00	200.00	4.00	4.00	----

1/ AT ALL TIMES, EXCEPT THAT BOND IS NOT REDEEMABLE DURING FIRST 6 MONTHS.  
2/ MATURITY REACHED AT 10 YEARS AND 0 MONTHS AFTER ISSUE DATE.

[58 FR 60948, Nov. 18, 1993]

**PART 353—REGULATIONS GOV-  
ERNING UNITED STATES SAVINGS  
BONDS, SERIES EE AND HH**

**Subpart A—General Information**

- Sec.
- 353.0 Applicability.
- 353.1 Official agencies.
- 353.2 Definitions.

**Subpart B—Registration**

- 353.5 General rules.
- 353.6 Restrictions on registration.
- 353.7 Authorized forms of registration.
- 353.8 Chain letters prohibited.

**Subpart C—Limitations on Annual  
Purchases**

- 353.10 Amounts which may be purchased.
- 353.11 Computation of amount.

- 353.12 Disposition of excess.
- 353.13 Employee plans—Conditions of eligi-  
bility.

**Subpart D—Limitations on Transfer or  
Pledge**

- 353.15 Transfer.
- 353.16 Pledge.

**Subpart E—Judicial Proceedings**

- 353.20 General.
- 353.21 Payment to judgment creditors.
- 353.22 Payment or reissue pursuant to judg-  
ment.
- 353.23 Evidence.
- 353.24 Payment pursuant to judicial or ad-  
ministrative forfeiture.

**Subpart F—Relief for Loss, Theft, Destruc-  
tion, Mutilation, Defacement, or Non-  
receipt of Bonds**

- 353.25 General.

## § 353.0

- 353.26 Application for relief—After receipt of bond.
- 353.27 Application for relief—Nonreceipt of bond.
- 353.28 Recovery or receipt of bond before or after relief is granted.
- 353.29 Adjudication of claims.

### Subpart G—Interest

- 353.30 Series EE bonds.
- 353.31 Series HH bonds.

### Subpart H—General Provisions for Payment

- 353.35 Payment (redemption).
- 353.36 Payment during life of sole owner.
- 353.37 Payment during lives of both co-owners.
- 353.38 Payment during lifetime of owner of beneficiary bond.
- 353.39 Surrender for payment.
- 353.40 Special provisions for payment.
- 353.41 Partial redemption.
- 353.42 Nonreceipt or loss of check issued in payment.
- 353.43 Effective date of request for payment.
- 353.44 Withdrawal of request for payment.

### Subpart I—Reissue and Denominational Exchange

- 353.45 General.
- 353.46 Effective date of request for reissue.
- 353.47 Authorized reissue—during lifetime.
- 353.48 Restrictions on reissue.
- 353.49 Correction of errors.
- 353.50 Change of name.
- 353.51 Requests for reissue.

### Subpart J—Certifying Officers

- 353.55 Individuals authorized to certify.
- 353.56 General instructions and liability.
- 353.57 When a certifying officer may not certify.
- 353.58 Forms to be certified.

### Subpart K—Minors, Incompetents, Aged Persons, Absentees, et al.

- 353.60 Payment to representative of an estate.
- 353.61 Payment after death.
- 353.62 Payment to minors.
- 353.63 Payment to a parent or other person on behalf of a minor.
- 353.64 Payment, reinvestment, or exchange—voluntary guardian of an incapacitated person.
- 353.65 Reissue.

### Subpart L—Deceased Owner, Coowner or Beneficiary

- 353.70 General rules governing entitlement.
- 353.71 Estate administered.
- 353.72 Estate not administered.

## 31 CFR Ch. II (7–1–02 Edition)

### Subpart M—Fiduciaries

- 353.75 Payment or reissue during the existence of the fiduciary estate.
- 353.76 Payment or reissue after termination of the fiduciary estate.
- 353.77 Exchanges by fiduciaries.

### Subpart N—Private Organizations (Corporations, Associations, Partnerships, et cetera) and Governmental Agencies, Units and Officers

- 353.80 Payment to corporations or unincorporated associations.
- 353.81 Payment to partnerships.
- 353.82 Reissue or payment to successors of corporations, unincorporated associations, or partnerships.
- 353.83 Reissue or payment on dissolution of corporation or partnership.
- 353.84 Payment to certain institutions.
- 353.85 Reissue in name of trustee or agent for reinvestment purposes.
- 353.86 Reissue upon termination of investment agency.
- 353.87 Payment to governmental agencies, units, or their officers.

### Subpart O—Miscellaneous Provisions

- 353.90 Waiver of regulations.
- 353.91 Additional requirements; bond of indemnity.
- 353.92 Supplements, amendments, or revisions.

AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105, 3125.

SOURCE: 44 FR 76441, Dec. 26, 1979, unless otherwise noted.

### Subpart A—General Information

#### § 353.0 Applicability.

The regulations in this circular, Department of the Treasury Circular, Public Debt Series No. 3–80, govern United States Savings Bonds of Series EE and Series HH. These bonds bear issue dates of January 1, 1980, or thereafter. The regulations in Department of the Treasury Circular No. 530, current revision (31 CFR part 315), govern all other United States Savings Bonds and Savings Notes.

#### § 353.1 Official agencies.

(a) The Bureau of the Public Debt of the Department of the Treasury is responsible for administering the Savings Bonds Program. Authority to process transactions has been delegated to Federal Reserve Banks and Branches in

**Fiscal Service, Treasury**

**§ 353.2**

the list in paragraph (b) of this section, as fiscal agents of the United States.

(b) Communications concerning transactions and requests for forms should be addressed to:

(1) A Federal Reserve Bank or Branch in the list below; the Bureau of the

Public Debt, 200 Third Street, Parkersburg, WV 26101; or the Bureau of the Public Debt, Washington, DC 20226.

(2)(i) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(ii) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

(c) Notices and documents must be filed with the agencies referred to above and as indicated in these regulations.

[44 FR 76441, Dec. 26, 1979, as amended at 59 FR 10541, Mar. 4, 1994]

**§ 353.2 Definitions.**

(a) *Bond* means a United States Savings Bond of Series EE or HH, unless the context indicates otherwise.

(b) *Incompetent* means an individual who is incapable of handling his or her business affairs because of a legal, mental or medical disability, except that a minor is not an incompetent solely because of age.

(c) *Issuing agent* means an organization that has been qualified under the provisions of Department of the Treasury Circular, Public Debt Series No. 4-67, current revision (31 CFR part 317), to issue savings bonds.

(d) *Paying agent* means a financial institution that has been qualified under the provisions of Department of the Treasury Circular No. 750, current revision (31 CFR part 321), to make payment of savings bonds.

(e) *Payment* means redemption, unless otherwise indicated by context.

(f) *Person* means any legal entity including, but without limitation, an individual, corporation (public or private), partnership, unincorporated association, or fiduciary estate.

(g) *Personal trust estates* means trust estates established by natural persons in their own right for the benefit of themselves or other natural persons in whole or in part, and common trust funds comprised in whole or in part of such trust estates.

(h) *Reissue* means the cancellation and retirement of a bond and the issuance of a new bond or bonds of the same series, same issue date, and same total face amount.

(i) *Representative of the estate of a minor, incompetent, aged person, absentee, et al.* means the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the individual. The term does not include parents in their own right, voluntary or natural guardians, or the executors or administrators of decedents' estates.

(j) *Surrender* means the actual receipt of a bond with an appropriate request for payment or reissue by either a Federal Reserve Bank or Branch, the Bureau of the Public Debt, or, if a paying agent is authorized to handle the

## § 353.5

transaction, the actual receipt of the bond and the request for payment by the paying agent.

(k) *Taxpayer identifying number* means a social security account number or an employer identification number.

(l) *Voluntary guardian* means an individual who is recognized as authorized to act for an incompetent, as provided by § 353.64.

### Subpart B—Registration

#### § 353.5 General rules.

(a) *Registration is conclusive of ownership.* Savings bonds are issued only in registered form. The registration must express the actual ownership of, and interest in, the bond. The registration is conclusive of ownership, except as provided in § 353.49.

(b) *Requests for registration.* Registrations requested must be clear, accurate and complete, conform substantially with one of the forms set forth in this subpart, and include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable. The registration of all bonds owned by the same person, organization, or fiduciary should be uniform with respect to the name of the owner and any description of the fiduciary capacity. An individual should be designated by the name he or she is ordinarily known by or uses in business, including at least one full given name. The name may be preceded or followed by any applicable title, such as *Miss, Mr., Mrs., Ms., Dr., Rev., M.D.,* or *D.D.* A suffix, such as *Sr.* or *Jr.*, must be included when ordinarily used or when necessary to distinguish the owner from another member of his family. A married woman's own given name, not that of her husband, must be used; for example, *Mary A. Jones* or *Mrs. Mary A. Jones*, NOT *Mrs. Frank B. Jones*. The address must include, where appropriate, the number and street, route, or any other local feature, city, State, and ZIP Code.

(c) *Inscription of bonds purchased as gifts.* If the bonds are purchased as gifts, awards, prizes, etc., and the taxpayer identifying number of the intended owners is not known, the pur-

## 31 CFR Ch. II (7–1–02 Edition)

chaser's number must be furnished. Bonds so inscribed will not be associated with the purchaser's own holdings. A bond registered in the name of a purchaser with another person as coowner or beneficiary is not considered a gift or an award. If the purchaser so requests, a bond may be inscribed to provide a "Mail to" instruction, followed by a delivery name and address. No rights of ownership are conferred on such designee.

[44 FR 76441, Dec. 26, 1979, as amended at 55 FR 575, Jan. 5, 1990]

#### § 353.6 Restrictions on registration.

(a) *Natural persons.* Only an individual in his or her own right may be designated as coowner or beneficiary along with any other individual, whether on original issue or reissue, except as provided in § 353.7(f).

(b) *Residence.* The designation of an owner or first-named coowner is restricted, on original issue only, to persons (whether individuals or others) who are:

(1) Residents of the United States, its territories or possessions, or the Commonwealth of Puerto Rico;

(2) Citizens of the United States residing abroad;

(3) Civilian employees of the United States or members of its armed forces, regardless of their residence or citizenship; and

(4) Residents of Canada or Mexico who work in the United States but only if the bonds are purchased on a payroll savings plan and the owner provides a taxpayer identifying number.

A nonresident alien may be designated coowner or beneficiary or, on authorized reissue, owner, unless the nonresident alien is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities. See Department of the Treasury Circular No. 655, current revision (31 CFR part 211). Registration is not permitted in any form which includes the name of any alien who is a resident of any restricted area.

(c) *Minors.* (1) Minors may purchase with their wages, earnings, or other funds belonging to them and under

their control bonds registered in their names alone or with a coowner or beneficiary.

(2) Bonds purchased by another person with funds belonging to a minor not under legal guardianship or similar fiduciary estate must be registered, without a coowner or beneficiary, in the name of the minor or a natural guardian on behalf of a minor.

(3) Bonds purchased with funds of another may be registered to name the minor as owner, coowner, or beneficiary. If the minor is under legal guardianship or similar fiduciary estate, the registration must include an appropriate reference to it.

(4) Bonds purchased as a gift to a minor under a gift-to-minors statute must be registered as prescribed by the statute and no coowner or beneficiary may be named.

(5) Bonds purchased by a representative of a minor's estate must be registered in the name of the minor and must include in the registration an appropriate reference to the guardianship or similar fiduciary estate. Bonds purchased by a representative of the estates of two or more minors, even though appointed in a single proceeding, must be registered in the name of each minor separately with appropriate reference to the guardianship or similar fiduciary estate.

(d) *Incompetents.* Bonds may be registered to name as owner, coowner, or beneficiary an incompetent for whose estate a guardian or similar representative has been appointed, except that a coowner or beneficiary may not be named on bonds purchased with funds belonging to the incompetent. The registration must include appropriate reference to the guardianship or similar fiduciary estate. Bonds should not be registered in the name of an incompetent unless there is a representative for his or her estate, except as provided in § 353.64.

[44 FR 76441, Dec. 26, 1979, as amended at 63 FR 64551, Nov. 20, 1998]

#### § 353.7 Authorized forms of registration.

Subject to any limitations or restrictions contained in these regulations on the right of any person to be named as owner, coowner, or beneficiary, bonds

should be registered as indicated below. A savings bond inscribed in the form not substantially in agreement with one of the forms authorized by this subpart is not considered validly issued.

(a) *Natural persons.* A bond may be registered in the names of individuals in their own right, but only in one of the forms authorized by this paragraph.

(1) *Single ownership form.* A bond may be registered in the name of one individual. Example:

John A. Jones 123-45-6789.

(2) *Coownership form.* A bond may be registered in the names of two individuals in the alternative as coowners. The form of registration "A and B" is not authorized. Examples:

John A. Jones 123-45-6789 or Ella S. Jones 987-65-4321.

John A. Jones 123-45-6789 or (Miss, Ms. or Mrs.) Ella S. Jones.

Ella S. Jones 987-65-4321 or John A. Jones.

(3) *Beneficiary form.* A bond may be registered in the name of one individual payable on death to another. "Payable on death to" may be abbreviated to "P.O.D." Examples:

John A. Jones 123-45-6789 payable on death to Mrs. Ella S. Jones.

John A. Jones 123-45-6789 P.O.D. Ella S. Jones 987-65-4321.

(b) *Fiduciaries (including legal guardians and similar representatives, certain custodians, natural guardians, executors, administrators, and trustees)*—(1) *General.* A bond may be registered in the name of any person or persons or any organization acting as fiduciary of a single fiduciary estate, but not where the fiduciary will hold the bond merely or principally as security for the performance of a duty, obligation, or service. Registration should conform to a form authorized by this paragraph. A coowner or beneficiary may be named only in accordance with the applicable provisions of § 353.6 (c) and (d). A common trust fund established and maintained by a financial institution authorized to act as a fiduciary will be considered a single fiduciary estate within the meaning of these regulations.

(2) *Legal guardians, conservators, similar representatives, certain custodians.* A bond may be registered in the name and title or capacity of the legally appointed or authorized representative of the estate of a minor, incompetent, aged or infirm person, absentee, et al., or in the name of that individual followed by an appropriate reference to the estate. Examples:

- Tenth National Bank, guardian (or conservator, trustee, etc.) of the estate of George N. Brown 123-45-6789, a minor (or an incompetent, aged person, infirm person, or absentee).
- Henry C. Smith, conservator of the estate of John R. White 123-45-6789, an adult, pursuant to Sec. 633.572 of the Iowa Code.
- John F. Green 123-45-6789, a minor (or an incompetent) under custodianship by designation of the Veterans Administration.
- Frank M. Redd 123-45-6789, an incompetent for whom Eric A. Redd has been designated trustee by the Department of the Army pursuant to 37 U.S.C. 602.
- Arnold A. Ames, as custodian for Barry B. Bryan 123-45-6789, under the California Uniform Gifts to Minors Act.
- Thomas J. Reed, as custodian for Lawrence W. Reed 123-45-6789, a minor, under laws of Georgia.
- Richard A. Rowe 123-45-6789, for whom Reba L. Rowe is representative payee for social security benefits (or black lung benefits, as the case may be). (If the beneficiary is a minor, the words "a minor" should appear immediately after the social security number.)
- Henry L. Green 123-45-6789 or George M. Brown, a minor under legal guardianship of the Tenth National Bank.
- Henry L. Green 123-45-6789 P.O.D. George M. Brown, a minor under legal guardianship of the Tenth National Bank.
- Redd State Hospital and School, selected payee for John A. Jones 123-45-6789, a Civil Service annuitant, pursuant to 5 U.S.C. 8345(e).

(3) *Natural guardians.* A bond may be registered in the name of either parent (natural and adoptive) of a minor, as natural guardian. The registration of a bond in this form is considered as establishing a fiduciary relationship. A coowner or beneficiary may be named but only if the funds used to purchase the bonds do not belong to the minor. Examples:

- John A. Jones, as natural guardian for Henry M. Jones 123-45-6789.
- Melba Smith, as natural guardian for Thelma Smith 123-45-6789 P.O.D. Bartholomew Smith.

(4) *Executors and administrators.* A bond may be registered in the name of the representative appointed by a court to act for an estate of a decedent, or in the name of an executor authorized to administer a trust under the terms of a will although not named trustee. The name and capacity of all the representatives as shown in the letters of appointment must be included in the registration and be followed by an adequate identifying reference to the estate. Examples:

- John H. Smith and Calvin N. Jones, executors of the will (or administrators of the estate) of Robert J. Smith, deceased, 12-3456789.
- John H. Smith, executor of the will of Robert J. Smith, deceased, in trust for Mrs. Jane L. Smith, with remainder over, 12-3456789.

(5) *Trustees or life tenants under wills, deeds of trust, agreements, or similar instruments.* A bond may be registered in the name and title of the trustee of a trust estate, or in the name of a life tenant, followed by an adequate identifying reference to the authority governing the trust or life tenancy. Examples:

- Thomas J. White and Tenth National Bank, trustees under the will of Robert J. Smith, deceased, 12-3456789.
- Jane N. Black 123-45-6789, life tenant under the will of Robert J. Black, deceased.
- Tenth National Bank, trustee under agreement with Paul E. White, dated 2/1/80, 12-3456789.
- Carl A. Black and Henry B. Green, trustees under agreement with Paul E. White, dated 2/1/80, 12-3456789.
- Paul E. White, trustee under declaration of trust dated 2/1/80, 12-3456789.

(i) If the trust instrument designates by title only an officer of a board or an organization as trustee, only the title of the officer should be used. Example:

Chairman, Board of Trustees, First Church of Christ, Scientist, of Chicago, Illinois, in trust under the will of Robert J. Smith, deceased, 12-3456789.

(ii) The names of all trustees, in the form used in the trust instrument, must be included in the registration, except as follows:

(A) If there are several trustees designated as a board or they are required to act as a unit, their names may be omitted and the words "Board of



## Fiscal Service, Treasury

## § 353.7

Trustees” substituted for the word “trustee”. Example:

Board of Trustees of Immediate Relief Trust of Federal Aid Association, under trust indenture dated 2/1/80, 12-3456789.

(B) If the trustees do not constitute a board or are not required to act as a unit, and are too numerous to be designated in the registration by names and title, some or all the names may be omitted. Examples:

John A. Smith, Henry B. Jones, et al., trustees under the will of Edwin O. Mann, deceased, 12-3456789.

Trustees under the will of Edwin O. Mann, deceased, 12-3456789.

(6) *Employee thrift, savings, vacation and similar plans.* A bond may be registered in the name and title, or title alone, of the trustee of an eligible employee thrift, savings, vacation or similar plan, as defined in §353.13(a). If the instrument creating the trust provides that the trustees shall serve for a limited term, their names may be omitted. Examples:

Tenth National Bank, trustee of Pension Fund of Safety Manufacturing Company, U/A with the company, dated March 31, 1980, 12-3456789.

Trustees of Retirement Fund of Safety Manufacturing Company, under directors’ resolution adopted March 31, 1980, 12-3456789.

County Trust company, trustee of the Employee Savings Plan of Jones Company, Inc., U/A dated January 17, 1980, 12-3456789.

Trustee of the Employee Savings Plan of Brown Brothers, Inc., U/A dated January 20, 1980, 12-3456789.

(7) *Funds of lodges, churches, societies, or similar organizations.* A bond may be registered in the title of the trustees, or a board of trustees, holding funds in trust for a lodge, church, or society, or similar organization, whether or not incorporated. Examples:

Trustees of the First Baptist Church, Akron, OH, acting as a Board under section 15 of its bylaws, 12-3456789.

Trustees of Jamestown Lodge No. 1000, Benevolent and Protective Order of Elks, under section 10 of its bylaws, 12-3456789.

Board of Trustees of Lotus Club, Washington, IN, under Article 10 of its constitution, 12-3456789.

(8) *Investment agents for religious, educational, charitable and non-profit organizations.* A bond may be registered in the name of a bank, trust company, or

other financial institution, or an individual, as agent under an agreement with a religious, educational, charitable or non-profit organization, whether or not incorporated, if the agent holds funds for the sole purpose of investing them and paying the income to the organization. The name and designation of the agent must be followed by an adequate reference to the agreement. Examples:

Tenth National Bank, fiscal agent U/A with the Evangelical Lutheran Church of the Holy Trinity, dated 12/28/80, 12-3456789.

Sixth Trust Company, Investment Agent U/A dated September 16, 1980, with Central City Post, Department of Illinois, American Legion, 12-3456789.

John Jones, Investment Agent U/A dated September 16, 1980, with Central City Post, Department of Illinois, American Legion, 12-3456789.

(9) *Funds of school groups or activities.* A bond may be registered in the title of the principal or other officer of a public, private, or parochial school holding funds in trust for a student body fund or for a class, group, or activity. If the amount purchased for any one fund does not exceed \$2,500 (face amount), no reference need be made to a trust instrument. Examples:

Principal, Western High School, in trust for the Class of 1980 Library Fund, 12-3456789.

Director of Athletics, Western High School, in trust for Student Activities Association, under resolution adopted 5/12/80, 12-3456789.

(10) *Public corporations, bodies, or officers as trustees.* A bond may be registered in the name of a public corporation or a public body, or in the title of a public officer, acting as trustee under express authority of law, followed by an appropriate reference to the statute creating the trust. Examples:

Rhode Island Investment Commission, trustee of the General Sinking Fund under Title 35, Ch. 8, Gen. Laws of Rhode Island.

Superintendent of the Austin State Hospital Annex, in trust for the Benefit Fund under Article 3183C, Vernon’s Civ. Stat. of Texas Ann.

(c) *Private organizations (corporations, associations, partnerships)*—(1) *General.* A bond may be registered in the name of any private organization in its own right. The full legal name of the organization as set forth in its charter, articles of incorporation, constitution,

**§ 353.8**

**31 CFR Ch. II (7-1-02 Edition)**

partnership agreement, or other authority from which its powers are derived, must be included in the registration and may be followed by a parenthetical reference to a particular account other than a trust account.

(2) *Corporations.* A bond may be registered in the name of a business, fraternal, religious, non-profit, or other private corporation. The words “a corporation” must be included in the registration unless the fact of incorporation is shown in the name. Examples:

Smith Manufacturing Company, a corporation, 12-3456789.

Green and Redd, Inc., 12-3456789 (Depreciation Acct.)

(3) *Unincorporated associations.* A bond may be registered in the name of a club, lodge, society, or a similar self-governing association which is unincorporated. The words “an unincorporated association” must be included in the registration. This form of registration must not be used for a trust fund, board of trustees, a partnership, or a sole proprietorship. If the association is chartered by or affiliated with a parent organization, the name or designation of the subordinate or local organization must be given first, followed by the name of the parent organization. The name of the parent organization may be placed in parentheses and, if well known, may be abbreviated. Examples:

The Lotus Club, an unincorporated association, 12-3456789.

Local 447, Brotherhood of Railroad Trainmen, an unincorporated association, 12-3456789.

Eureka Lodge 317 (A.F. and A.M.), an unincorporated association, 12-3456789.

(4) *Partnerships.* A bond may be registered in the name of a partnership. The words “a partnership” must be included in the registration. Examples:

Smith & Jones, a partnership, 12-3456789.

Acme Novelty Company, a partnership, 12-3456789.

(5) *Sole Proprietorships.* A bond may be registered in the name of an individual who is doing business as a sole proprietor. A reference may be made to the trade name under which the business is conducted. Example:

John Jones DBA Jones Roofing Company  
123-45-6789.

(d) *Institutions (churches, hospitals, homes, schools, etc.).* A bond may be registered in the name of a church, hospital, home, school, or similar institution conducted by a private organization or by private trustees, regardless of the manner in which it is organized or governed or title to its property is held. Descriptive words, such as “a corporation” or “an unincorporated association”, must not be included in the registration. Examples:

Shriners’ Hospital for Crippled Children, St. Louis, MO, 12-3456789.

St. Mary’s Roman Catholic Church, Albany, NY, 12-3456789.

Rodeph Shalom Sunday School, Philadelphia, PA, 12-3456789.

(e) *States, public bodies and corporations, and public officers.* A bond may be registered in the name of a State, county, city, town, village, school district, or other political entity, public body, or corporation established by law (including a board, commission, administration, authority, or agency) which is the owner or official custodian of public funds, other than trust funds, or in the full legal title of the public officer having custody of the funds. Examples:

State of Maine.

Town of Rye, NY (Street Improvement Fund).

Maryland State Highway Administration.

Treasurer, City of Chicago.

(f) *The United States Treasury.* A person who desires to have a bond become the property of the United States upon his or her death may designate the United States Treasury as coowner or beneficiary. Examples:

George T. Jones 123-45-6789 or the United States Treasury.

George T. Jones 123-45-6789 P.O.D. the United States Treasury.

**§ 353.8 Chain letters prohibited.**

The issuance of bonds in the furtherance of a chain letter or pyramid scheme is considered to be against the public interest and is prohibited.

### Subpart C—Limitations on Annual Purchases

#### § 353.10 Amounts which may be purchased.

The amount of savings bonds of Series EE and HH which may be purchased and held, in the name of any one person in any one calendar year, is computed according to the provisions of § 353.11 and is limited as follows:

(a) *Series EE*—(1) *General annual limitation*. \$30,000 (face amount).

(2) *Special limitation*. \$4,000 (face amount) multiplied by the highest number of employees participating in an eligible employee plan, as defined in § 353.13, at any time during the calendar year in which the bonds are issued.

(b) *Series HH*—(1) *General annual limitation*. \$20,000 (face amount).

(2) *Special limitation*. \$200,000 (face amount) for bonds received in a calendar year as gifts by an organization which at the time of purchase was an exempt organization under the terms of 26 CFR 1.501(c)(3)-1.

#### § 353.11 Computation of amount.

(a) *General*. The purchases of bonds in the name of any person in an individual capacity are computed separately from purchases in a fiduciary capacity. A pension or retirement fund, or an investment, insurance, annuity, or similar fund or trust is regarded as an entity, regardless of the number of beneficiaries or the manner in which their shares or interests are established, determined, or segregated.

(b) *Bonds included in computation*. In computing the purchases for each person, the following outstanding bonds are included:

(1) All bonds registered in the name of that person alone;

(2) All bonds registered in the name of the representative of the estate of that person; and

(3) All bonds registered in the name of that person as coowner. However, in computing the amount of bonds of each series held in coownership form, the limitation may be applied to the holdings of either of the coowners or apportioned between them.

(c) *Bonds excluded from computation*. In computing the purchases for each person, the following are excluded:

(1) Bonds on which that person is named beneficiary;

(2) Bonds to which that person has become entitled—

(i) Under § 353.70 as surviving beneficiary upon the death of the registered owner;

(ii) As an heir or a legatee of the deceased owner;

(iii) By virtue of the termination of a trust or the happening of a similar event;

(3) Bonds issued in an authorized exchange or reinvestment; and

(4) Bonds that are purchased and redeemed within the same calendar year.

#### § 353.12 Disposition of excess.

If any person at any time has savings bonds issued during any one calendar year in excess of the prescribed amount, instructions should be obtained from the Bureau of the Public Debt, Parkersburg, WV 26101, for appropriate adjustment of the excess. Under the conditions specified in § 353.90, the Commissioner of the Public Debt may permit excess purchases to stand in any particular case or class of cases.

#### § 353.13 Employee plans—Conditions of eligibility.

(a) *Definition of plan*. Employee thrift, savings, vacation and similar plans are contributory plans established by the employer for the exclusive and irrevocable benefit of its employees or their beneficiaries. Each plan must afford employees the means of making regular savings from their wages through payroll deductions and provide for employer contributions to be added to these savings.

(b) *Definition of terms used in this section*. (1) The term *assets* means all the employees' contributions and assets purchased with them and the employer's contributions and assets purchased with them, as well as accretions, such as dividends on stock, the increment in value on bonds and all other income; but, notwithstanding any other provision of this section, the right to demand and receive *all assets* credited to the account of an employee shall not

be construed to require the distribution of assets in kind when it would not be possible or practicable to make such a distribution; for example, Series EE bonds may not be reissued in unauthorized denominations.

(2) The word *beneficiary* means: (i) The person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the plan upon the employee's death or (ii) the estate of the employee.

(c) *Conditions of eligibility.* An employee plan must conform to the following rules in order to be eligible for the special limitation provided in § 353.10.

(1) *Crediting of assets.* All assets of a plan must be credited to the individual accounts of participating employees and may be distributed only to them or their beneficiaries, except as provided in paragraph (c)(3) of this section.

(2) *Purchase of bonds.* Bonds may be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose is equal to the purchase price of a bond or bonds in an authorized denomination or denominations, and shares in the bonds are credited to the accounts of the individuals from which the purchase price was derived, in amounts corresponding with their shares. For example, if \$50 credited to the account of John Jones is commingled with funds credited to the accounts of other employees to make a total of \$5,000 with which a Series EE bond in the denomination of \$10,000 (face amount) is purchased in December 1980 and registered in the name and title of the trustee, the plan must provide, in effect, that John Jones' account be credited to show that he is the owner of a Series EE bond in the denomination of \$100 (face amount) bearing an issue date of December 1, 1980.

(3) *Irrevocable right of withdrawal.* Each participating employee has an irrevocable right to request and receive from the trustee all assets credited to the employee's account (or their value, if the employee prefers) without regard to any conditions other than the loss or suspension of the privilege of par-

ticipating further in the plan. A plan may limit or modify such right in any manner required for qualification of the plan under section 401 of the Internal Revenue Code of 1954, as amended (26 U.S.C. section 401).

(4) *Rights of beneficiary.* Upon the death of an employee, his or her beneficiary shall have the absolute and unconditional right to demand and receive from the trustee all assets credited to the account of the employee or their value, if he or she so prefers.

(5) *Reissue or payment upon distribution.* When settlement is made with an employee or his or her beneficiary with respect to any bond registered in the name and title of the plan trustee in which the employee has a share, the bond must be paid or reissued to the extent of the share. If an employee or the beneficiary is to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the employee or the employee's beneficiary to the extent entitled, in authorized denominations, in any authorized form of registration, upon the request and certification of the trustee.

(d) *Application for special limitation.* A trustee of an employee plan who desires to purchase bonds under the special limitation should submit to the designated Federal Reserve Bank or Branch a copy of:

(1) The plan, (2) any instructions issued under the plan that concern Series EE bonds, and (3) the trust agreement, in order to establish the plan's eligibility.

(e) *Vacation plans.* Savings bonds may be purchased under certain vacation plans. Questions concerning the eligibility of these plans to purchase bonds in excess of the general limitation should be addressed to the Bureau of the Public Debt, Parkersburg, WV 26101.

(31 U.S.C. 3105 and 3121)

[44 FR 76441, Dec. 26, 1979, as amended at 48 FR 55458, Dec. 13, 1983; 59 FR 10541, Mar. 4, 1994; 63 FR 64551, Nov. 20, 1998]

### Subpart D—Limitations on Transfer or Pledge

#### § 353.15 Transfer.

Savings bonds are not transferable and are payable only to the owners named on the bonds, except as specifically provided in these regulations and then only in the manner and to the extent so provided.

#### § 353.16 Pledge.

A savings bond may not be hypothecated, pledged, or used as security for the performance of an obligation.

### Subpart E—Judicial Proceedings

#### § 353.20 General.

(a) The Department of the Treasury will not recognize a judicial determination that gives effect to an attempted voluntary transfer inter vivos of a bond, or a judicial determination that impairs the rights of survivorship conferred by these regulations upon a coowner or beneficiary. All provisions of this subpart are subject to these restrictions.

(b) The Department of the Treasury will recognize a claim against an owner of a savings bond and conflicting claims of ownership of, or interest in, a bond between coowners or between the registered owner and the beneficiary, if established by valid judicial proceedings, but only as specifically provided in this subpart. Section 353.23 specifies the evidence required to establish the validity of the judicial proceedings.

(c) The Department of the Treasury and the agencies that issue, reissue, or redeem savings bonds will not accept a notice of an adverse claim or notice of pending judicial proceedings, nor undertake to protect the interests of a litigant not in possession of a savings bond.

#### § 353.21 Payment to judgment creditors.

(a) *Purchaser or officer under levy.* The Department of the Treasury will pay (but not reissue) a savings bond to the purchaser at a sale under a levy or to the officer authorized under appropriate process to levy upon property of

the registered owner or coowner to satisfy a money judgment. Payment will be made only to the extent necessary to satisfy the money judgment. The amount paid is limited to the redemption value 60 days after the termination of the judicial proceedings. Except in a case of a levy by the Internal Revenue Service, payment of a bond registered in coownership form pursuant to a judgment or a levy against only one coowner is limited to the extent of that coowner's interest in the bond. That interest must be established by an agreement between the coowners by judgment, decree, or order of a court in a proceeding to which both coowners are parties. Payment of a bond registered in coownership form pursuant to levy by the Internal Revenue Service will be made if the levy is against either coowner on the bond.

(b) *Trustee in bankruptcy, receiver, or similar court officer.* The Department of the Treasury will pay, at current redemption value, a savings bond to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer under the provisions of paragraph (a) of this section.

[44 FR 76441, Dec. 26, 1979, as amended at 63 FR 64551, Nov. 20, 1998]

#### § 353.22 Payment or reissue pursuant to judgment.

(a) *Divorce.* The Department of the Treasury will recognize a divorce decree that ratifies or confirms a property settlement agreement disposing of bonds or that otherwise settles the interests of the parties in a bond. Reissue of a savings bond may be made to eliminate the name of one spouse as owner, coowner, or beneficiary or to substitute the name of one spouse for that of the other spouse as owner, coowner, or beneficiary pursuant to the decree. However, if the bond is registered in the name of one spouse with another person as coowner, there must be submitted either:

(1) A request for reissue by the other person or (2) a certified copy of a judgment, decree, or court order entered in proceedings to which the other person and the spouse named on the bond are parties, determining the extent of the

### § 353.23

interest of that spouse in the bond. Reissue will be permitted only to the extent of that spouse's interest. The evidence required under § 353.23 must be submitted in every case. When the divorce decree does not set out the terms of the property settlement agreement, a certified copy of the agreement must be submitted. Payment, rather than reissue, will be made if requested.

(b) *Gift causa mortis*. A savings bond belonging solely to one individual will be paid or reissued at the request of the person found by a court to be entitled by reason of a gift causa mortis from the sole owner.

(c) *Date for determining rights*. When payment or reissue under this section is to be made, the rights of the parties will be those existing under the regulations current at the time of the entry of the final judgment, decree, or court order.

### § 353.23 Evidence.

(a) *General*. To establish the validity of judicial proceedings, certified copies of the final judgment, decree, or court order, and of any necessary supplementary proceedings, must be submitted. If the judgment, decree, or court order was rendered more than six months prior to the presentation of the bond, there must also be submitted a certification from the clerk of the court, under court seal, dated within six months of the presentation of the bond, showing that the judgment, decree, or court order is in full force.

(b) *Trustee in bankruptcy or receiver of an insolvent's estate*. A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by appropriate evidence of appointment and qualification. The evidence must be certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

(c) *Receiver in equity or similar court officer*. A request for payment by a receiver in equity or a similar court officer, other than a receiver of an insolvent's estate, must be supported by a copy of an order that authorizes the presentation of the bond for redemption, certified by the clerk of the court, under court seal, as being in full

### 31 CFR Ch. II (7-1-02 Edition)

force on a date that is not more than six months prior to the presentation of the bond.

### § 353.24 Payment pursuant to judicial or administrative forfeiture.

(a) *Definitions*. As used in this part:

(1) *Contact point* means the individual designated to receive referrals from the Bureau of the Public Debt, as provided for in this section, by the Federal investigative agency, United States Attorney's Office, or forfeiting agency specified in Public Debt Form 1522.

(2) *Forfeiting agency* means the federal law enforcement agency responsible for the forfeiture.

(3) *Forfeiture*—(i) *Administrative forfeiture* means the process by which property may be forfeited by a Federal agency rather than through judicial proceedings.

(ii) *Judicial forfeiture* means either a civil or a criminal proceeding in a United States District Court that may result in a final judgment and order of forfeiture.

(4) *Public Debt Form 1522* means the written notification of the forfeiture provided by the forfeiting agency to the Bureau of the Public Debt on a Public Debt Form 1522 Special Form of Request for Payment of United States Savings and Retirement Securities Where Use of a Detached Request Is Authorized. Public Debt Form 1522 must specify: the contact point; the issue date of each bond; the serial number for each bond; the date of forfeiture; the forfeiture fund to which payment is to be made; and be signed by an individual authorized by the forfeiting agency. The forfeited bonds and the completed Public Debt Form 1522 are to be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(b) *Forfeiture of bond*. (1) Upon receipt and review of the Public Debt Form 1522, as described in (a)(4) above, the Bureau of the Public Debt will make payment to the forfeiture fund specified on the form.

(2) The Bureau of the Public Debt will record the forfeiture, the forfeiture fund into which the proceeds were paid, the contact point, and any related information.

(3) The Bureau of the Public Debt will rely exclusively upon the information provided by the Federal agency in the Public Debt Form 1522 and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the request for payment.

(4) The amount paid is limited to the redemption value of the savings bonds as of the date of forfeiture specified in the Public Debt Form 1522.

(c) *Inquiry from previous owner.* (1) Upon payment made pursuant to (b), all inquiries from the previous owner, including requests for payment, re-issue, or applications for relief, related to forfeited savings bonds will be referred by the Bureau of the Public Debt to the contact point named in the Public Debt Form 1522.

(2) The Bureau of the Public Debt will notify the submitter of the inquiry of the referral to the contact point.

(3) The Bureau of the Public Debt will not investigate the inquiry and will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate. Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

[61 FR 53822, Oct. 15, 1996]

### Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds

#### § 353.25 General.

Relief, by the issue of a substitute bond or by payment, is authorized for the loss, theft, destruction, mutilation, or defacement of a bond after receipt by the owner or his or her representative. As a condition for granting relief, the Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require a bond of indemnity, in the form, and with the surety, or security, he considers necessary to protect the interests of the United States. In all cases the savings bond must be identified by serial number and the applicant must submit satisfactory evidence of the loss, theft, or destruction, or a satisfactory expla-

nation of the mutilation or defacement.

#### § 353.26 Application for relief—After receipt of bond.

(a) If the serial numbers of the lost, stolen, or destroyed bonds are known, the claimant should execute an application for relief on the appropriate form and submit it to the Bureau of the Public Debt, Parkersburg, WV 26101.

(b) If the bond serial number is not known, the claimant must provide sufficient information to enable the Bureau of the Public Debt to identify the bond by serial number. See § 353.29(c). The Bureau will furnish the proper application form and instructions.

(c) If applicable, a defaced bond and all available fragments of a mutilated bond should be submitted to the Bureau.

(d) The application must be made by the person or persons (including both coowners, if living) authorized under these regulations to request payment of the bond. In addition:

(1) If the bond is in beneficiary form and the owner and beneficiary are both living, both will ordinarily be required to join in the application.

(2) If a minor named on a bond as owner, coowner, or beneficiary is not of sufficient competency and understanding to request payment, both parents will ordinarily be required to join in the application.

(e) If the application is approved, relief will be granted either by the issuance of a bond bearing the same issue date as the bond for which the claim was filed or by the issuance of a check in payment.

#### § 353.27 Application for relief—Non-receipt of bond.

If a bond issued on any transaction is not received, the issuing agent must be notified as promptly as possible and given all information about the non-receipt. An appropriate form and instructions will be provided. If the application is approved, relief will be granted by the issuance of a bond bearing the same issue date as the bond that was not received. Also, relief is authorized for the issuance of bonds for which the Secretary has not received payment, in

## § 353.28

order to preserve public confidence in dealing with issuing agents.

[63 FR 64551, Nov. 20, 1998]

### § 353.28 Recovery or receipt of bond before or after relief is granted.

(a) If a bond reported lost, stolen, destroyed, or not received, is recovered or received before relief is granted, the Bureau of the Public Debt, Parkersburg, WV 26101, must be notified promptly.

(b) A bond for which relief has been granted is the property of the United States and, if recovered, must be promptly submitted to the Bureau of the Public Debt, Parkersburg, WV 26101, for cancellation.

### § 353.29 Adjudication of claims.

(a) *General.* The Bureau of the Public Debt will adjudicate claims for lost, stolen or destroyed bonds on the basis of records created and regularly maintained in the ordinary course of business.

(b) *Claims filed 10 years after payment.* A bond for which no claim has been filed within 10 years of the recorded date of redemption will be presumed to have been properly paid. If a claim is subsequently filed, a photographic copy of the bond will not be available to support the disallowance.

(c) *Claims filed six years after final maturity.* No claim filed six years or more after the final maturity of a savings bond will be entertained unless the claimant supplies the serial number of the bond.

## Subpart G—Interest

### § 353.30 Series EE bonds.

Series EE bonds are issued at a discount. The accrued interest is added to the issue price at stated intervals and is payable only at redemption as part of the redemption value. Information regarding interest rates and redemption values is found in Department of the Treasury Circular, Public Debt Series No. 1-80 (31 CFR part 351).

### § 353.31 Series HH bonds.

(a) *General.* Series HH bonds are current income bonds issued at par (face amount). Interest on a Series HH bond

## 31 CFR Ch. II (7-1-02 Edition)

is paid semiannually beginning six months from the issue date. Interest ceases at final maturity, or, if the bond is redeemed prior to final maturity, as of the end of the interest period last preceding the date of redemption. For example, if a bond on which interest is payable on January 1 and July 1 is redeemed on September 1, interest ceases as of the preceding July 1, and no interest will be paid for the period from July 1 to September 1. However, if the redemption date falls on an interest payment date, interest ceases on that date. Information regarding interest rates is found in Department of the Treasury Circular, Public Debt Series No. 2-80, current revision (31 CFR part 352).

(b) *Payment of interest.* Series HH bond interest accounts are maintained by the Bureau of the Public Debt, Parkersburg, WV. Interest on bonds issued on or after October 1, 1989 will be paid on each interest due date by the Automated Clearing House (ACH) method to the owner or coowner's account at a financial institution, unless the Bureau determines that extraordinary circumstances warrant payment by check or other means. Interest on bonds issued prior to October 1, 1989, is payable by check drawn to the order of the owner or both coowners or, upon request, by the ACH method to the owner or coowner's account at a financial institution. Checks will be mailed to the delivery address provided to the Bureau. Deposit account information for ACH payments shall be provided on the form designated by the Bureau. Series H interest payments made by the ACH method are governed by the regulations at 31 CFR part 370.

(Approved by the Office of Management and Budget under control number 1535-0094)

(c) *Delivery of interest.* Notices affecting the delivery of interest payments. To ensure appropriate action, notices affecting the delivery of interest payments on Series HH bonds must be received by the Bureau of the Public Debt, Parkersburg, WV 26102-1328, at least one month prior to the interest payment date. Each notice must include the owner or coowner's name and the taxpayer identifying number appearing on the account under which records of the bonds are maintained.



(d) *Reissue during interest period.* Physical reissue of a Series HH bond may be made without regard to interest payment dates. The Series HH interest accounts maintained by the Bureau of the Public Debt will be closed in the first week of the month preceding each interest payment date, and payments will be made pursuant to the information contained in the accounts as of the date they are closed.

(e) *Endorsement of checks.* Interest checks must be endorsed in accordance with the regulations governing the payment of fiscal agency checks, as contained in 31 CFR part 355.

(f) *Payment of interest by the ACH method—(1) Submission of deposit account information.* Payments on all Series HH bonds assigned to the same account maintained by the Bureau must be made to the same deposit account at a financial institution.

(2) *Deposit account held by individuals in their own right.* Where the Series HH bonds are registered in the name of individual(s) as sole owner, or as owner and beneficiary, and the deposit account at the financial institution is held in the name of individual(s) in their own right, the owner's name must appear on the deposit account. Where the bonds are registered in the names of two individuals as coowners and the deposit account is held in the name of individual(s) in their own right, the registration of the bonds and the title of the account must contain at least one name that is common to both. The deposit account to which the interest payments are directed should preferably be established in a form identical to the registration of the bonds to ensure that rights of ownership and survivorship can be more easily identified and preserved. Neither the United States nor any Federal Reserve Bank shall be liable for any loss sustained because the interest of the holder(s) of a deposit account to which payments are made are not the same as the owner(s) of the bonds.

(3) *Deposit account held by organization.* Where the deposit account to which interest payments are to be directed is held in the name of the financial institution itself acting as sole trustee, or as co-trustee, or is the name of a commercially-managed investment

fund, the owner or coowner should inquire whether the financial institution is able to receive ACH payments; if not, the owner or coowner should make alternative arrangements.

(4) *Financial institution cannot accept ACH payments.* If after submission of deposit account information, it is determined that ACH payments cannot be accepted by the designated financial institution, pending receipt of new deposit account information, payment will be made by check drawn to the registered owner or both coowners and mailed to the address of record.

(5) *Cancellation of ACH arrangement.*  
(i) Bonds issued on or after October 1, 1989. As set forth in paragraph (b) of this section and in the Series HH offering contained in Circular No. 2-80, interest on Series HH bonds issued on or after October 1, 1989, will be paid by the ACH method. In the absence of extraordinary circumstances, a request to discontinue payment by the ACH method in favor of payment by check will not be accepted.

(ii) Bonds issued prior to October 1, 1989. An ACH arrangement established for Series HH bonds issued prior to October 1, 1989, shall remain in effect until it is terminated by a request from the owner or coowner submitted to the Bureau of the Public Debt, Parkersburg, WV 26102-1328.

(6) *Rules.* Series HH interest payments made by the ACH method are governed by the regulations at 31 CFR part 370.

(7) *Nonreceipt or loss of interest payment.* The Bureau of the Public Debt, Parkersburg, WV 26102 should be notified if:

(i) An interest check is not received or is lost after receipt or

(ii) An ACH payment is not credited to the designated account and the financial institution has no record of receiving it. The notice should include the owner or coowner's name and taxpayer identifying number and the interest payment date.

[54 FR 40254, Sept. 29, 1989, as amended at 59 FR 10541, Mar. 4, 1994; 64 FR 40487, July 26, 1999]

**Subpart H—General Provisions for Payment**

**§ 353.35 Payment (redemption).**

(a) *General.* Payment of a savings bond will be made to the person or persons entitled under the provisions of these regulations, except that checks in payment will not be delivered to addresses in areas with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States. See Department of the Treasury Circular No. 655, current revision (31 CFR part 211). Payment will be made without regard to any notice of adverse claims to a bond and no stoppage or caveat against payment of a bond will be entered.

(b) *Series EE.* A Series EE bond will be paid at any time after six months from issue date at the current redemption value shown in Department of the Treasury Circular, Public Debt Series No. 1-80 (31 CFR part 351).

(c) *Series HH.* A Series HH bond will be paid at any time after six months from issue date. A Series HH bond issued in an authorized exchange or reinvestment transaction will be paid at face value. A Series HH bond issued for cash will be paid at the current redemption value shown in Department of the Treasury Circular, Public Debt Series No. 2-80, Second Revision (31 CFR part 352). If the bond is redeemed at less than face value, the difference represents an adjustment of interest. In any case where Series HH bonds are surrendered to a designated Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, WV 26106-1328, for redemption in the month prior to an interest payment date, redemption will not be deferred but will be made in regular course, unless the presenter specifically requests that the transaction be delayed until that date. A request to defer redemption made more than one month preceding the interest payment date will not be accepted.

[44 FR 76441, Dec. 26, 1979, as amended at 51 FR 23754, July 1, 1986; 59 FR 10541, Mar. 4, 1994]

**§ 353.36 Payment during life of sole owner.**

A savings bond registered in single ownership form (i.e., without a co-owner or beneficiary) will be paid to the owner during his or her lifetime upon surrender with an appropriate request.

**§ 353.37 Payment during lives of both coowners.**

A savings bond registered in co-ownership form will be paid to either coowner upon surrender with an appropriate request, and upon payment (as determined in § 353.43), the other co-owner will cease to have any interest in the bond. If both coowners request payment, payment will be made by check drawn in the form, "John A. Jones AND Mary C. Jones".

**§ 353.38 Payment during lifetime of owner of beneficiary bond.**

A savings bond registered in beneficiary form will be paid to the registered owner during his or her lifetime upon surrender with an appropriate request. Upon payment (as determined in § 353.43) the beneficiary will cease to have any interest in the bond.

**§ 353.39 Surrender for payment.**

(a) *Procedure for bonds of Series EE, in the names of individual owners or co-owners only.* An individual who is the owner or coowner of a Series EE bond may present the bond to an authorized paying agent for redemption. The presenter must be prepared to establish his or her identity in accordance with Treasury instructions and identification guidelines. The owner or coowner must sign the request for payment on the bond or, if authorized, on a separate detached request, and add his or her address. If the request for payment has been signed, or signed and certified, before presentation of the bond, the paying agent must be satisfied that the person presenting the bond for payment is the owner or coowner and may require the person to sign the request for payment again. If the bond is in order for payment, the paying agent will make immediate payment at the current redemption value without charge to the presenter. Paying agents are not authorized to process any case

## Fiscal Service, Treasury

## § 353.41

involving partial redemption or any case in which supporting evidence is required.

(b) *Procedure for all other cases.* In the case of bonds to which the procedure in paragraph (a) of this section, does not apply, or if otherwise preferred, the owner or coowner, or other person entitled to payment, should appear before an officer authorized to certify requests for payment, establish his or her identity, sign the request for payment, and provide information as to the address to which the check in payment is to be mailed. The bond must be forwarded to a designated Federal Reserve Bank or Branch or the Bureau of the Public Debt. Usually, payment will be expedited by submission to a designated Federal Reserve Bank or Branch. In all cases, the cost and risk of presentation of a bond will be borne by the owner. Payment will be made by check drawn to the order of the registered owner or other person entitled and will be mailed to the address requested.

(c) *Date of request.* Requests executed more than six months before the date of receipt of a bond for payment will not be accepted. Neither will a bond be accepted if payment is requested as of a date more than three months in the future.

[44 FR 76441, Dec. 26, 1979, as amended at 59 FR 10541, Mar. 4, 1994]

### § 353.40 Special provisions for payment.

(a) *Owner's signature not required.* A bond may be paid by a paying agent or a designated Federal Reserve Bank without the owner's signature to the request for payment, if the bond bears the special endorsement of a paying agent specifically qualified to place such an endorsement on savings bonds.

(b) *Signature by mark.* A signature by mark (X) must be witnessed by at least one disinterested person and a certifying officer. See subpart J. The witness must attest to the signature by mark substantially as follows: "Witness to signature by mark", followed by his or her signature and address.

(c) *Name change.* If the name of the owner, coowner, or other person entitled to payment, as it appears in the registration or in evidence on file in

the Bureau of the Public Debt, has been changed in any legal manner, the signature to the request for payment must show both names and the manner in which the change was made; for example, "Mary T. Jones Smith (Mary T. J. Smith or Mary T. Smith) changed by marriage from Mary T. Jones", or "John R. Young, changed by order of court from Hans R. Jung". See § 353.50.

(d) *Attorneys-in-fact.* A request for payment, reinvestment, or exchange executed by an attorney-in-fact will be recognized if it is accompanied by a copy of the power of attorney which meets the following requirements:

(1) The power of attorney must bear the grantor's signature, properly certified or notarized, in accordance with applicable State law;

(2) The power of attorney must grant, by its terms, authority for the attorney-in-fact to sell or redeem the grantor's securities, sell his or her personal property, or, otherwise contain similar authority; and

(3) In the case of a grantor who has become incapacitated, the power of attorney must conform with pertinent provisions of State law concerning its durability. Generally, in such circumstances, the power of attorney should provide that the authority granted will not be affected by the subsequent incompetence or incapacity of the grantor. Medical evidence or other proof of the grantor's condition may be required in any case.

[45 FR 64091, Sept. 26, 1980, as amended at 57 FR 39602, Sept. 1, 1992; 59 FR 10541, Mar. 4, 1994]

### § 353.41 Partial redemption.

A bond of Series EE or HH may be redeemed in part at current redemption value, but only in amounts corresponding to authorized denominations, upon surrender of the bond to a designated Federal Reserve Bank or Branch or to the Bureau of the Public Debt in accordance with § 353.39(b). In any case in which partial redemption is requested, the phrase "to the extent of \$ \_\_\_ (face amount) and reissue of the remainder" should be added to the request. Upon partial redemption of the bond, the remainder will be reissued as

**§ 353.42**

of the original issue date, as provided in subpart I.

[44 FR 76441, Dec. 26, 1979, as amended at 59 FR 10541, Mar. 4, 1994]

**§ 353.42 Nonreceipt or loss of check issued in payment.**

If a check in payment of a bond surrendered for redemption is not received within a reasonable time or is lost after receipt, notice should be given to the same agency to which the bond was surrendered for payment. The notice should give the date the bond was surrendered for payment and describe the bond by series, denomination, serial number, and registration, including the taxpayer identifying number of the owner.

**§ 353.43 Effective date of request for payment.**

The Department of the Treasury will treat the receipt of a bond with an appropriate request for payment by:

(a) A Federal Reserve Bank or Branch, (b) the Bureau of the Public Debt, or (c) a paying agent authorized to pay that bond, as the date upon which the rights of the parties are fixed for the purpose of payment.

**§ 353.44 Withdrawal of request for payment.**

(a) *Withdrawal by owner or coowner.* An owner or coowner, who has surrendered a bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt or to an authorized paying agent with an appropriate request for payment, may withdraw the request if notice of intent to withdraw is received by the same agency prior to payment either in cash or through the issuance of the redemption check.

(b) *Withdrawal on behalf of deceased owner or incompetent.* A request for payment may be withdrawn under the same conditions as in paragraph (a) of this section by the executor or administrator of the estate of a deceased owner or by the person or persons who could have been entitled to the bond under Subpart L, or by the legal representative of the estate of a person under legal disability, unless surrender of the bond for payment has eliminated the interest of a surviving coowner or beneficiary. See § 353.70 (b) and (c).

**31 CFR Ch. II (7-1-02 Edition)**

**Subpart I—Reissue and Denominational Exchange**

**§ 353.45 General.**

Reissue of a bond may be made only under the conditions specified in these regulations, and only at:

- (a) A Federal Reserve Bank or Branch, or
- (b) The Bureau of the Public Debt.

Reissue will not be made if the request is received less than one full calendar month before the final maturity date of a bond. The request, however, will be effective to establish ownership as though the requested reissue had been made.

**§ 353.46 Effective date of request for reissue.**

The Department of the Treasury will treat the receipt by: (a) A Federal Reserve Bank or Branch or (b) the Bureau of the Public Debt of a bond and an acceptable request for reissue as determining the date upon which the rights of the parties are fixed for the purpose of reissue. For example, if the owner or either coowner of a bond dies after the bond has been surrendered for reissue, the bond will be regarded as having been reissued in the decedent's lifetime.

**§ 353.47 Authorized reissue—during lifetime.**

A bond belonging to an individual may be reissued in any authorized form of registration upon an appropriate request for the purposes outlined below.

(a) *Single ownership.* A bond registered in single ownership form may be reissued—

- (1) To add a coowner or beneficiary; or
- (2) To name a new owner, with or without a coowner or beneficiary, but only if:

- (i) The new owner is related to the previous owner by blood (including legal adoption) or marriage; (ii) the previous owner and the new owner are parties to a divorce or annulment; or (iii) the new sole owner is the trustee of a personal trust estate which was created by the previous owner or which designates as beneficiary either the previous owner or a person related to

him or her by blood (including legal adoption) or marriage.

(b) *Coownership*—(1) *Reissue—to name a related individual as owner or coowner.* During the lifetime of both coowners, a coownership bond may be reissued in the name of another individual related by blood (including legal adoption) or marriage to either coowner:

- (i) As single owner,
- (ii) As owner with one of the original coowners as beneficiary, or
- (iii) As a new coowner with one of the original coowners.

(2) *Reissue—to name either coowner alone or with another individual as coowner or beneficiary.* During the lifetime of both coowners, a coownership bond may be reissued in the name of either coowner alone or with another individual as coowner or beneficiary if:

(i) After issue of the submitted bond, either coowner named thereon marries, or the coowners are divorced or legally separated from each other, or their marriage is annulled; or

(ii) Both coowners on the submitted bond are related by blood (including legal adoption) or marriage to each other.

(3) *Reissue—to name the trustee of a personal trust estate.* A bond registered in coownership form may be reissued to name a trustee of a personal trust estate created by either coowner or by some other person if:

(i) Either coowner is a beneficiary of the trust, or (ii) a beneficiary of the trust is related by blood or marriage to either coowner.

(c) *Beneficiary.* A bond registered in beneficiary form may be reissued:

(1) To name the beneficiary as coowner;

(2) To substitute another individual as beneficiary; or

(3) To eliminate the beneficiary, and, if the beneficiary is eliminated, to effect any of the reissues authorized by paragraph (a) of this section.

#### § 353.48 Restrictions on reissue.

(a) *Denominational exchange.* Reissue is not permitted solely to change denominations.

(b) *United States Treasury.* Reissue may not be made to eliminate the United States Treasury as coowner.

#### § 353.49 Correction of errors.

A bond may be reissued to correct an error in registration upon appropriate request supported by satisfactory proof of the error.

#### § 353.50 Change of name.

An owner, coowner, or beneficiary whose name is changed by marriage, divorce, annulment, order of court, or in any other legal manner after the issue of the bond should submit the bond with a request for reissue to substitute the new name for the name inscribed on the bond. Documentary evidence may be required in any appropriate case.

#### § 353.51 Requests for reissue.

A request for reissue of bonds in coownership form must be signed by both coowners, except that a request solely to eliminate the name of one coowner may be signed by that coowner only. A bond registered in beneficiary form may be reissued upon the request of the owner, without the consent of the beneficiary. Public Debt forms are available for requesting reissue.

### Subpart J—Certifying Officers

#### § 353.55 Individuals authorized to certify.

The following individuals are authorized to act as certifying officers for the purpose of certifying a request for payment, reissue, or a signature to a Public Debt form:

(a) *Officers generally authorized*—(1) *At banks, trust companies, and member organizations of the Federal Home Loan Bank System.*

(i) Any officer of a bank incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(ii) Any officer of a trust company incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(iii) Any officer of an organization that is a member of the Federal Home Loan Bank System. This includes Federal savings and loan associations.

(iv) Any officer of a foreign branch or a domestic branch of an institution indicated in paragraphs (a)(1)(i) through (iii) of this section.

(v) Any officer of a Federal Reserve Bank, a Federal Land Bank, or a Federal Home Loan Bank.

(vi) Any employee of an institution in paragraphs (a)(1)(i) through (v) of this section, who is expressly authorized to certify by the institution.

Certification by these officers or designated employees must be authenticated by a legible imprint of either the corporate seal of the institution or of the issuing or paying agent's stamp. The employee expressly authorized to certify by an institution must sign his or her name over the title "Designated Employee".

(2) *At issuing agents that are not banks or trust companies.* Any officer of an organization, not a bank or a trust company, that is qualified as an issuing agent for bonds of Series EE. The agent's stamp must be imprinted in the certification.

(3) *By United States officials.* Any judge, clerk, or deputy clerk of a United States court, including United States courts for the territories and possessions of the United States and the Commonwealth of Puerto Rico; any United States Commissioner, United States Attorney, or United States Collector of Customs, including their deputies; in the Internal Revenue Service, any Regional Commissioner, District Director, Service Center Director, or Internal Revenue agent.

(b) *Officers with limited authority—(1) In the Armed Forces.* Any commissioned officer or warrant officer of the Armed Forces of the United States, but only for members of the respective services, their families, and civilian employees at posts, bases, or stations. The certifying officer must indicate his or her rank and state that the individual signing the request is one of the class whose request the certifying officer is authorized to certify.

(2) *At the Veterans Administration, Federal penal institutions, and United States Public Health Service hospitals.* Any officer in charge of a home, hospital, or other facility of the Veterans Administration, but only for the patients, or employees of the facility; any

officer of a Federal penal institution or a United States Public Health Service hospital expressly authorized to certify by the Secretary of the Treasury or his designee, but only for the inmates, patients or employees of the institution involved. Officers of Veterans Administration facilities, Federal penal institutions, and Public Health Service hospitals must use the stamp or seal of the particular institution or service.

(c) *Authorized officers in foreign countries.* Any United States diplomatic or consular representative, or the officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Department of the Treasury. If none of these individuals is available, a notary public or other officer authorized to administer oaths may certify, but his or her official character and jurisdiction must be certified by a United States diplomatic or consular officer under seal of his or her office.

(d) *Authorized officers in particular localities.* The Governor and the Treasurer of Puerto Rico; the Governor and the Commissioner of Finance of the Virgin Islands; the Governor and the Director of Finance of Guam; the Governor and the Director of Administrative Services of American Samoa; or designated officers of the Panama Canal Commission.

(e) *Special provisions.* If no certifying officer is readily accessible, the Commissioner of the Public Debt, Deputy Commissioner, any Assistant Commissioner, or other designated official of the Bureau or of a Federal Reserve Bank or Branch is authorized to make special provision for any particular case.

#### § 353.56 General instructions and liability.

(a) The certifying officer must: (1) Require the person presenting a bond, or an appropriate Public Debt transaction form, to establish his or her identity in accordance with Department of the Treasury instructions and identification guidelines;

(2) Place a notation on the back of the bond or on the appropriate Public Debt transaction form, or in a separate

## Fiscal Service, Treasury

## § 353.63

record, showing exactly how identification was established; and

(3) Affix, as part of the certification, his or her official signature, title, seal or issuing or paying agent's stamp, address, and the date of execution.

(b) The certifying officer and, if such person is an officer or an employee of an organization, the organization will be held fully responsible for the adequacy of the identification.

### § 353.57 When a certifying officer may not certify.

Certifying officers may not certify the requests for payment of bonds, or appropriate Public Debt transaction forms if, in their own right or in a representative capacity, they—

- (a) Have an interest in the bonds, or
- (b) Will, by virtue of the requests being certified, acquire an interest in the bonds.

### § 353.58 Forms to be certified.

When required in the instructions on a Public Debt transaction form, the form must be signed before an authorized certifying officer.

## Subpart K—Minors, Incompetents, Aged Persons, Absentees, et al.

### § 353.60 Payment to representative of an estate.

(a) The representative of an estate of an owner who is a minor, an aged person, incompetent, absentee, et al., may receive payment upon request:

- (1) If the registration shows the name and capacity of the representative;
- (2) If the registration shows the capacity but not the name of the representative and the request is accompanied by appropriate evidence; or
- (3) If the registration includes neither the name of the representative nor his or her capacity but the request is accompanied by appropriate evidence.

(b) Appropriate evidence for paragraphs (a) (2) and (3) of this section includes a certified copy of the letters of appointment or, if the representative is not appointed by a court, other proof of qualification. Except in the case of corporate fiduciaries, the evidence must show that the appointment is in full force and be dated not more than one year prior to the presentation of the

bond for payment. The request for payment appearing on the back of a bond must be signed by the representative as such, for example, "John S. Jones, guardian (committee) of the estate of Henry W. Smith, a minor (an incompetent)".

### § 353.61 Payment after death.

After the death of the ward, and at any time prior to the representative's discharge, the representative of the estate will be entitled to obtain payment of a bond to which the ward was solely entitled.

### § 353.62 Payment to minors.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of the minor's estate, payment will be made to the minor upon his or her request, provided the minor is of sufficient competency to sign the request for payment and to understand the nature of the transaction. In general, the fact that the request for payment has been signed by a minor and certified will be accepted as sufficient proof of competency and understanding.

### § 353.63 Payment to a parent or other person on behalf of a minor.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of his or her estate, and if the minor is not of sufficient competency to sign the request for payment and to understand the nature of the transaction, payment will be made to either parent with whom the minor resides or to whom legal custody has been granted. If the minor does not reside with either parent, payment will be made to the person who furnishes the chief support for the minor. The request must appear on the back of the bond in one of the following forms:

- (a) *Request by parent.*

I certify that I am the mother of John C. Jones (with whom he resides) (to whom legal custody has been granted). He is \_\_\_\_\_ years of age and is not of sufficient understanding to make this request.

Mary Jones on behalf of John C. Jones

- (b) *Request by other person.*

### § 353.64

I certify that John C. Jones does not reside with either parent and that I furnish his chief support. He is \_\_\_\_\_ years of age and is not of sufficient understanding to make this request.

Alice Brown, grandmother,  
On behalf of John C. Jones

### § 353.64 Payment, reinvestment, or exchange—voluntary guardian of an incapacitated person.

(a) Payment of bonds. When an adult owner of bonds is incapable of requesting payment as a result of incapacity and there is no other person legally qualified to do so, the relative, or other person, responsible for the owner's care and support may submit an application for recognition as voluntary guardian for the purpose of redeeming the owner's bonds, if the total redemption value of all of the owner's bonds does not exceed \$20,000. The redemption value of the bonds shall be determined as of the date the bonds are received, accompanied by an appropriate request for payment. If the total redemption value exceeds \$20,000, a legal representative must be appointed, as set forth in § 315.60.

(b) Reinvestment of bonds. If the bonds have finally matured and it is desired to redeem them and reinvest the proceeds in other savings bonds, the new bonds must be registered in the name of the incapacitated person, followed by words showing that he or she is under voluntary guardianship; for example, "John Jones 123-45-6789, under voluntary guardianship". A living coowner or beneficiary named on the matured bonds must be designated on the new bonds, unless such person furnishes a certified statement consenting to omission of his or her name. If an amount insufficient to purchase an additional bond of any authorized denomination of either series remains after the reinvestment, the voluntary guardian may furnish additional funds sufficient to purchase another bond of either series of the lowest available denomination. If additional funds are not furnished, the remaining amount will be paid to the voluntary guardian for the use and benefit of the incapacitated person.

### 31 CFR Ch. II (7-1-02 Edition)

(c) Exchange of bonds. The provisions for reinvestment of the proceeds of matured bonds are equally applicable to any authorized exchange of bonds of one series for those of another.

[57 FR 39602, Sept. 1, 1992]

### § 353.65 Reissue.

A bond on which a minor or other person under legal disability is named as the owner or coowner, or in which he or she has an interest, may be reissued under the following conditions:

(a) A minor for whose estate no representative has been appointed may request reissue if the minor is of sufficient competency to sign his or her name to the request and to understand the nature of the transaction.

(b) A bond on which a minor is named as beneficiary or coowner may be reissued in the name of a custodian for the minor under a statute authorizing gifts to minor upon the request of the adult whose name appears on the bond as owner or coowner.

(c) A minor coowner for whose estate no representative has been appointed, may be named sole owner upon the request of the competent coowner.

(d) Reissue to eliminate the name of a minor or incompetent for whose estate a legal representative has been appointed is permitted only if supported by evidence that a court has authorized the representative of the minor's or incompetent's estate to request the reissue. See § 353.23.

Except to the extent provided in paragraphs (a) through (d) of this section, reissue will be restricted to a form of registration which does not adversely affect the existing ownership or interest of a minor who is not of sufficient understanding to make a request, or other person under legal disability. Requests for reissue should be executed by the person authorized to request payment under §§ 353.60 and 353.63, or the person who may request recognition as voluntary guardian under § 353.64.

[44 FR 76441, Dec. 26, 1979. Redesignated at 57 FR 39602, Sept. 1, 1992]



### Subpart L—Deceased Owner, Coowner or Beneficiary

#### § 353.70 General rules governing entitlement.

The following rules govern ownership or entitlement where one or both of the persons named on a bond have died without the bond having been surrendered for payment or reissue:

(a) *Single owner bond.* If the owner of a bond registered in single ownership form has died, the bond becomes the property of that decedent's estate, and payment or reissue will be made as provided in this subpart.

(b) *Coowner bond*—(1) *One coowner deceased.* If one of the coowners named on a bond has died, the surviving coowner will be recognized as the sole and absolute owner, and payment or reissue will be made as though the bond were registered in the name of the survivor alone. Any request for reissue by the surviving coowner must be supported by proof of death of the other coowner.

(2) *Both coowners deceased.* If both coowners named on a bond have died, the bond becomes the property of the estate of the coowner who died last, and payment or reissue will be made as if the bond were registered in the name of the last deceased coowner alone. Proof of death of both coowners will be required to establish the order of death.

(3) *Simultaneously death of both coowners.* If both coowners die under conditions where it cannot be established, either by presumption of law or otherwise, which coowner died first, the bond becomes the property of both equally, and payment or reissue will be made accordingly.

(c) *Beneficiary bond*—(1) *Owner deceased.* If the owner of a bond registered in beneficiary form has died and is survived by the beneficiary, upon proof of death of the owner, the beneficiary will be recognized as the sole and absolute owner of the bond. Payment or reissue will be made as though the bond were registered in the survivor's name alone. A request for payment or reissue by the beneficiary must be supported by proof of death of the owner.

(2) *Beneficiary deceased.* If the beneficiary's death occurs before, or simultaneously with, that of the registered

owner, payment or reissue will be made as though the bond were registered in the owner's name alone. Proof of death of the owner and beneficiary is required to establish the order of death.

(d) *Nonresident aliens.* If the person who becomes entitled to a bond because of the death of an owner is an alien who is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities, delivery of the redemption check will not be made so long as the restriction applies. See Department of the Treasury Circular No. 655, current revision (31 CFR part 211).

#### § 353.71 Estate administered.

(a) *During administration.* The legal representative of an estate may request payment of bonds, including interest or redemption checks, belonging to the estate or may have the bonds reissued in the names of the persons entitled to share in the estate under the following conditions:

(1) When there is more than one legal representative, all must join in the request for payment or reissue, unless § 353.75(a)(1) or (b) applies.

(2) The request for payment or reissue must be signed in the form: "John A. Jones, administrator of the estate (or executor of the will) of Henry M. Jones, deceased". The request must be supported by evidence of the legal representative's authority in the form of a court certificate or a certified copy of the legal representative's letters of appointment which must be dated within six months of the date of presentation of the bond, unless the evidence shows that the appointment was made within one year prior to the presentation of the bond.

(3) For reissue, the legal representative must certify that each person in whose name reissue is requested is entitled to the extent specified and must certify that each person has consented to the reissue. If a person in whose name reissue is requested desires to name a coowner or beneficiary, the person must execute an additional request for reissue on the appropriate form.

(b) *After administration.* If the estate of the decedent has been settled

through judicial proceedings, the bond and interest and redemption checks will be paid, or the bond will be reissued, upon the request of the person shown to be entitled by the court order. The request must be supported by a certified copy of the legal representative's court-approved final account, the decree of distribution, or other pertinent court records. If two or more persons have an interest in the bond, they must enter into an agreement concerning the bond's disposition. If the person entitled desires to name a coowner or beneficiary, a separate request must be made on an appropriate form.

(c) *Special provisions for small amounts.* Special procedures are available for establishing entitlement to, or effecting disposition of, savings bonds and interest and redemption checks if the aggregate face amount, excluding interest checks, does not exceed \$1,000.

**§ 353.72 Estate not administered.**

(a) *Special State law provisions.* A request for payment or reissue of a bond by the person who has qualified under State law to receive or distribute the assets of a decedent's estate will be accepted, provided evidence of the person's authority is submitted.

(b) *Agreement of persons entitled.* If there is no legal representative for the estate of a decedent, the bonds will be paid to, or reissued in the name of, the persons entitled, pursuant to an agreement and request executed by all persons entitled to share in the decedent's personal estate. If the persons entitled to share in the decedent's personal estate include minors or incompetents, payment or reissue of the bonds must be made to them or in their names unless their interest in the bonds is otherwise protected.

(c) *Creditors.* An institutional creditor of a deceased owner's estate is entitled to payment only to the extent of its claim.

(d) *Special provisions for payment of small amounts—survivors of the decedent.* (1) If the face amount of the bond does not exceed \$500 and there is no legal representative of the deceased owner's estate, the bond will be paid upon the request of the person who paid the bur-

ial expenses and who has not been reimbursed.

(2) If there is no legal representative of the estate of a decedent who died without a will, and the total face amount of bonds in the estate does not exceed \$1,000 (face amount), the bonds may be paid to the decedent's survivors upon request in the following order of precedence:

- (i) Surviving spouse;
- (ii) If no surviving spouse, to the child or children of the decedent, and the descendants of deceased children by representation;
- (iii) If none of the above, to the parents of the decedent, or the survivor;
- (iv) If none of the above, to the brothers and sisters, and the descendants of deceased brothers or sisters by representation;
- (v) If none of the above, to other next-of-kin, as determined by the laws of the owner's domicile at death;
- (vi) If none of the above, to persons related to the decedent by marriage.

The payment pursuant to this section shall be made upon the request and agreement of the survivors to receive the redemption proceeds individually and for the account of any persons entitled. Interest checks held for the estate of a decedent will be distributed with the bonds.

**Subpart M—Fiduciaries**

**§ 353.75 Payment or reissue during the existence of the fiduciary estate.**

(a) *Payment or reissue before maturity—(1) Request from the fiduciary named in the registration.* A request for reissue or payment prior to maturity must be signed by all of the fiduciaries unless by statute, decree of court, or the terms of the governing instrument, any lesser number may properly execute the request. If the fiduciaries named in the registration are still acting, no further evidence will be required. In other cases, evidence to support the request will be required, as specified:

- (i) *Fiduciaries by title only.* If the bond is registered only in the titles, without the names, of fiduciaries not acting as a board, satisfactory evidence of their incumbency must be furnished, except

## Fiscal Service, Treasury

## § 353.81

in the case of bonds registered in the title of public officers as trustees.

(ii) *Boards, committees, commission, etc.* If a bond is registered in the name of a governing body which is empowered to act as a unit, and which holds title to the property of a religious, educational, charitable or nonprofit organization or a public corporation, the request should be signed in the name of the body by an authorized person. Ordinarily, a signed and certified request will be accepted without further evidence.

(iii) *Corporate fiduciaries.* If a bond is registered in the name of a public or private corporation or a governmental body as fiduciary, the request must be signed by an authorized officer in the name of the organization as fiduciary. Ordinarily, a signed and certified request will be accepted without further evidence.

(2) *Trustee of a common trust fund.* A bond held by a financial institution in a fiduciary capacity may be reissued in the name of the institution as trustee of its common trust fund to the extent that participation in the common trust fund is authorized by law or regulation. The request for reissue should be executed by the institution and any co-fiduciary.

(3) *Successor fiduciary.* If the fiduciary in whose name the bond is registered has been replaced by another fiduciary, satisfactory evidence of successorship must be furnished.

(b) *Payment at or after final maturity.* At or after final maturity, a request for payment signed by any one or more of the fiduciaries will be accepted. Payment will be made by check drawn as the bond is registered.

### § 353.76 Payment or reissue after termination of the fiduciary estate.

A bond registered in the name or title of a fiduciary may be paid or reissued to the person who has become entitled by reason of the termination of a fiduciary estate. Requests for reissue made by a fiduciary pursuant to the termination of a fiduciary estate should be made on the appropriate form. Requests for payment or reissue by other than the fiduciary must be accompanied by evidence to show that

the person has become entitled in accordance with applicable State law or otherwise. When two or more persons have become entitled, the request for payment or reissue must be signed by each of them.

### § 353.77 Exchanges by fiduciaries.

Fiduciaries are authorized to request an exchange of bonds of one series for those of another, pursuant to any applicable Department of the Treasury offering. A living coowner of beneficiary named on the bonds submitted in exchange may be retained in the same capacity on the new bonds.

## Subpart N—Private Organizations (Corporations, Associations, Partnerships, et cetera) and Governmental Agencies, Units and Officers

### § 353.80 Payment to corporations or unincorporated associations.

A bond registered in the name of a private corporation or an unincorporated association will be paid to the corporation or unincorporated association upon a request for payment on its behalf by an authorized officer. The signature to the request should be in the form, for example, “The Jones Coal Company, a corporation, by John Jones, President”, or “The Lotus Club, an unincorporated association, by William A. Smith, Treasurer”. A request for payment so signed and certified will ordinarily be accepted without further evidence of the officer’s authority.

### § 353.81 Payment to partnerships.

A bond registered in the name of an existing partnership will be paid upon a request for payment signed by a general partner. The signature to the request should be in the form, for example, “Smith and Jones, a partnership, by John Jones, a general partner”. A request for payment so signed and certified will ordinarily be accepted as sufficient evidence that the partnership is still in existence and that the person signing the request is authorized.

**§ 353.82**

**§ 353.82 Reissue or payment to successors of corporations, unincorporated associations, or partnerships.**

A bond registered in the name of a private corporation, an unincorporated association, or a partnership which has been succeeded by another corporation, unincorporated association, or partnership by operation of law or otherwise, in any manner whereby the business or activities of the original organization are continued without substantial change, will be paid to or reissued in the name of the succeeding organization upon appropriate request on its behalf, supported by satisfactory evidence of successorship. The appropriate form should be used.

**§ 353.83 Reissue or payment on dissolution of corporation or partnership.**

(a) *Corporations.* A bond registered in the name of a private corporation which is in the process of dissolution will be paid to the authorized representative of the corporation upon a request for payment, supported by satisfactory evidence of the representative's authority. At the termination of dissolution proceedings, the bond may be reissued upon the request of the authorized representative in the names of those persons, other than creditors, entitled to the assets of the corporation, to the extent of their respective interests. Proof will be required that all statutory provisions governing the dissolution of the corporation have been complied with and that the persons in whose names reissue is requested are entitled and have agreed to the reissue. If the dissolution proceedings are under the direction of a court, a certified copy of an order of the court, showing the authority of the representative to make the distribution requested must be furnished.

(b) *Partnerships.* A bond registered in the name of a partnership which has been dissolved by death or withdrawal of a partner, or in any other manner:

(1) Will be paid upon a request for payment by any partner or partners authorized by law to act on behalf of the dissolved partnership, or

**31 CFR Ch. II (7-1-02 Edition)**

(2) Will be paid to or reissued in the names of the persons entitled as the result of such dissolution to the extent of their respective interests, except that reissue will not be made in the names of creditors. The request must be supported by satisfactory evidence of entitlement, including proof that the debts of the partnership have been paid or properly provided for. The appropriate form should be used.

**§ 353.84 Payment to certain institutions.**

A bond registered in the name of a church, hospital, home, school, or similar institution, without reference in the registration to the manner in which it is organized or governed or to the manner in which title to its property is held, will be paid upon a request for payment signed on behalf of such institution by an authorized representative. A request for payment signed by a pastor of a church, superintendent of a hospital, president of a college, or by any official generally recognized as having authority to conduct the financial affairs of the particular institution will ordinarily be accepted without further proof of authority. The signature to the request should be in the form, for example, "Shriners' Hospital for Crippled Children, St. Louis, MO, by William A. Smith, Superintendent", or "St. Mary's Roman Catholic Church, Albany, NY, by the Rev. John Smyth, Pastor".

**§ 353.85 Reissue in name of trustee or agent for reinvestment purposes.**

A bond registered in the name of a religious, educational, charitable or nonprofit organization, whether or not incorporated, may be reissued in the name of a financial institution, or an individual, as trustee or agent. There must be an agreement between the organization and the trustee or agent holding funds of the organization, in whole or in part, for the purpose of investing and reinvesting the principal and paying the income to the organization. Reissue should be requested on behalf of the organization by an authorized officer using the appropriate form.

**§ 353.86 Reissue upon termination of investment agency.**

A bond registered in the name of a financial institution, or individual, as agent for investment purposes only, under an agreement with a religious, an educational, a charitable, or a non-profit organization, may be reissued in the name of the organization upon termination of the agency. The former agent should request such reissue and should certify that the organization is entitled by reason of the termination of the agency. If such request and certification are not obtainable, the bond will be reissued in the name of the organization upon its own request, supported by satisfactory evidence of the termination of the agency. The appropriate form should be used.

**§ 353.87 Payment to governmental agencies, units, or their officers.**

(a) *Agencies and units.* A bond registered in the name of a State, county, city, town, village, or in the name of a Federal, State, or local governmental agency, such as a board, commission, or corporation, will be paid upon a request signed in the name of the governmental agency or unit or by an authorized officer. A request for payment so signed and certified will ordinarily be accepted without further proof of the officer's authority.

(b) *Officers.* A bond registered in the official title of an officer of a governmental agency or unit will be paid upon a request for payment signed by the officer. The request for payment so signed and certified will ordinarily be accepted as proof that the person signing is the incumbent of the office.

**Subpart O—Miscellaneous Provisions****§ 353.90 Waiver of regulations.**

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify any provision or provisions of these regulations. He may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

**§ 353.91 Additional requirements; bond of indemnity.**

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require:

(a) Such additional evidence as he may consider necessary or advisable, or (b) a bond of indemnity, with or without surety, in any case in which he may consider such a bond necessary for the protection of the interests of the United States.

**§ 353.92 Supplements, amendments, or revisions.**

The Secretary of the Treasury may at any time, or from time to time, prescribe additional, supplemental, amendatory, or revised rules and regulations governing United States Savings Bonds of Series EE and HH.

**PART 354—REGULATIONS GOVERNING BOOK-ENTRY SECURITIES OF THE STUDENT LOAN MARKETING ASSOCIATION (SALLIE MAE)**

Sec.

354.0 Applicability; maintenance of Sallie Mae Securities.

354.1 Definitions of terms.

354.2 Law governing rights and obligations of Federal Reserve Banks, and Sallie Mae; rights of any Person against Federal Reserve Bank, and Sallie Mae.

354.3 Law governing other interests.

354.4 Creation of Participant's Security Entitlement; security interests.

354.5 Obligations of Sallie Mae; no adverse claims.

354.6 Authority of Federal Reserve Banks.

354.7 Withdrawal of eligible Book-entry Sallie Mae Securities for conversion to definitive form.

354.8 Waiver of regulations.

354.9 Liability of Sallie Mae and Federal Reserve Banks.

354.10 Additional provisions.

AUTHORITY: 12 U.S.C. 391; 20 U.S.C. 1087-2(m).

SOURCE: 62 FR 622, Jan. 6, 1997, unless otherwise noted.

## § 354.0

## 31 CFR Ch. II (7-1-02 Edition)

### § 354.0 Applicability; maintenance of Sallie Mae Securities.

(a) A Sallie Mae Security may be maintained in the form of a Definitive Sallie Mae Security or a Book-entry Sallie Mae Security. A Book-entry Sallie Mae Security shall be maintained in the Book-entry System.

(b) The Sallie Mae Securities to which the regulations in this part apply are obligations which, by the terms of their issue, are available exclusively as Book-entry Sallie Mae Securities or which, pursuant to the securities documentation, are convertible from Book-entry Sallie Mae Securities to Definitive Sallie Mae Securities or vice versa.

#### § 354.1 Definitions of terms.

(a) *Adverse Claim* means a claim that a claimant has a property interest in a Security and that it is a violation of the rights of the claimant for another Person to hold, transfer, or deal with the Security.

(b) *Book-entry Sallie Mae Security* means a Sallie Mae Security issued or maintained in the Book-entry System.

(c) *Book-entry System* means the automated book-entry system operated by the Federal Reserve Banks acting as the fiscal agent for Sallie Mae, on which Book-entry Sallie Mae Securities are issued, recorded, transferred and maintained in book-entry form.

(d) *Definitive Sallie Mae Security* means a Sallie Mae Security in engraved or printed form, or that is otherwise represented by a certificate.

(e) *Eligible Book-entry Sallie Mae Security* means a Book-entry Sallie Mae Security issued or maintained in the Book-entry System which by the terms of its Security Documentation is available in either definitive or book-entry form.

(f) *Entitlement Holder* means a Person to whose account an interest in a Book-entry Sallie Mae Security is credited on the records of a Securities Intermediary.

(g) *Federal Reserve Bank* means a Federal Reserve Bank or Branch.

(h) *Federal Reserve Bank Operating Circular* means the publication issued by each Federal Reserve Bank that sets forth the terms and conditions under which the Federal Reserve Bank main-

tains book-entry Securities accounts (including Book-entry Sallie Mae Securities) and transfers book-entry Securities (including Book-entry Sallie Mae Securities).

(i) *Funds Account* means a reserve and/or clearing account at a Federal Reserve Bank to which debits or credits are posted for transfers against payment, book-entry securities transaction fees, or principal and interest payments.

(j) *Participant* means a Person that maintains a Participant's Securities Account with a Federal Reserve Bank.

(k) *Participant's Securities Account* means an account in the name of a Participant at a Federal Reserve Bank to which Book-entry Sallie Mae Securities held for a Participant are or may be credited.

(l) *Person* means and includes an individual, corporation, company, governmental entity, association, firm, partnership, trust, estate, representative, and any other similar organization, but does not mean or include the United States, Sallie Mae, or a Federal Reserve Bank.

(m) *Revised Article 8* means Uniform Commercial Code, Revised Article 8, Investment Securities (with Conforming and Miscellaneous Amendments to Articles 1, 3, 4, 5, 9, and 10) 1994 Official Text. Revised Article 8 of the Uniform Commercial Code is incorporated by reference in this part pursuant to 5 U.S.C. 552(a) and 1 CFR part 51. Article 8 was adopted by the American Law Institute and the National Conference of Commissioners on Uniform State laws and approved by the American Bar Association on February 14, 1995. Copies of this publication are available from the Executive Office of the American Law Institute, 4025 Chestnut Street, Philadelphia, PA 19104, and the National Conference of Commissioners on Uniform State Laws, 676 North St. Clair Street, Suite 1700, Chicago, IL 60611. Copies are also available for public inspection at the Department of the Treasury Library, Room 5030, main Treasury Building, 1500 Pennsylvania Avenue, N.W., Washington D.C. 20220, and in the Office of the Federal Register, 800 North Capitol St., N.W., Suite 700, Washington D.C.

(n) *Sallie Mae* means the Student Loan Marketing Association, a stock holder-owned corporation and government-sponsored enterprise established in 1972 by, and operating pursuant to, section 439 of the Higher Education Act of 1965, as amended, 20 U.S.C. 1087-2.

(o) *Sallie Mae Security* means any security or obligation of Sallie Mae issued in the form of a Definitive Sallie Mae Security or a Book-entry Sallie Mae Security.

(p) *Securities Documentation* means the applicable statement of terms and conditions or other documents establishing the terms of a Book-entry Sallie Mae Security.

(q) *Securities Intermediary* means:

(1) A Person that is registered as a “clearing agency” under the federal securities laws; a Federal Reserve Bank; any other Person that provides clearance or settlement services with respect to a Book-entry Security that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority; or

(2) A Person (other than an individual, unless such individual is registered as a broker or dealer under the federal securities laws) including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

(r) *Security* means any note, bond, debenture, evidence of indebtedness, or, in general, any interest or instrument commonly known as a “security.”

(s) *Security Entitlement* means the rights and property interest of an Entitlement Holder with respect to a Book-entry Sallie Mae Security.

(t) *State* means any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other territory or possession of the United States.

(u) *Transfer Message* means an instruction of a Participant to a Federal Reserve Bank to effect a transfer of a Book-entry Security (including a Book-entry Sallie Mae Security) maintained in the Book-entry System, as

set forth in Federal Reserve Bank Operating Circulars.

**§ 354.2 Law governing rights and obligations of Federal Reserve Banks, and Sallie Mae; rights of any Person against Federal Reserve Banks and Sallie Mae.**

(a) Except as provided in paragraph (b) of this section, the following are governed solely by the book-entry regulations contained in this part 354, the Securities Documentation (to the extent not inconsistent with these regulations) and Federal Reserve Bank Operating Circulars:

(1) The rights and obligations of Sallie Mae and the Federal Reserve Banks with respect to:

(i) A Book-entry Sallie Mae Security or Security Entitlement; and

(ii) The operation of the Book-entry System as it applies to Sallie Mae Securities; and

(2) The rights of any Person, including a Participant, against Sallie Mae and the Federal Reserve Banks with respect to:

(i) A Book-entry Sallie Mae Security or Security Entitlement; and

(ii) The operation of the Book-entry System as it applies to Sallie Mae Securities.

(b) A security interest in a Security Entitlement that is in favor of a Federal Reserve Bank from a Participant and that is not recorded on the books of a Federal Reserve Bank pursuant to § 354.4(c)(1), is governed by the law (not including the conflict-of-law rules) of the jurisdiction where the head office of the Federal Reserve Bank maintaining the Participant’s Securities Account is located. A security interest in a Security Entitlement that is in favor of a Federal Reserve Bank from a Person that is not a Participant, and that is not recorded on the books of a Federal Reserve Bank pursuant to § 354.14(c)(1), is governed by the law determined in the manner specified in § 354.3.

(c) If the jurisdiction specified in the first sentence of paragraph (b) of this section is a State that has not adopted Revised Article 8 (incorporated by reference, see § 354.1), then the law specified in paragraph (b) shall be the law of that State as though Revised Article 8 had been adopted by that State.

### § 354.3

### 31 CFR Ch. II (7-1-02 Edition)

#### § 354.3 Law governing other interests.

(a) To the extent not inconsistent with the regulations in this part, the law (not including the conflict-of-law rules) of a Securities Intermediary's jurisdiction governs:

(1) The acquisition of a Security Entitlement from the Securities Intermediary;

(2) The rights and duties of the Securities Intermediary and Entitlement Holder arising out of a Security Entitlement;

(3) Whether the Securities Intermediary owes any duties to an adverse claimant to a Security Entitlement;

(4) Whether an Adverse Claim can be asserted against a Person who acquires a Security Entitlement from the Securities Intermediary or a Person who purchases a Security Entitlement or interest therein from an Entitlement Holder; and

(5) Except as otherwise provided in paragraph (c) of this section, the perfection, effect of perfection or non-perfection and priority of a security interest in a Security Entitlement.

(b) The following rules determine a "Securities Intermediary's jurisdiction" for purposes of this section:

(1) If an agreement between the Securities Intermediary and its Entitlement Holder specifies that it is governed by the law of a particular jurisdiction, that jurisdiction is the Securities Intermediary's jurisdiction.

(2) If an agreement between the Securities Intermediary and its Entitlement Holder does not specify the governing law as provided in paragraph (b)(1) of this section, but expressly specifies that the securities account is maintained at an office in a particular jurisdiction, that jurisdiction is the Securities Intermediary's jurisdiction.

(3) If an agreement between the Securities Intermediary and its Entitlement Holder does not specify a jurisdiction as provided in paragraph (b)(1) or (b)(2) of this section, the Securities Intermediary's jurisdiction is the jurisdiction in which is located the office identified in an account statement as the office serving the Entitlement Holder's account.

(4) If an agreement between the Securities Intermediary and its Entitlement Holder does not specify a juris-

isdiction as provided in paragraph (b)(1) or (b)(2) of this section and an account statement does not identify an office serving the Entitlement Holder's account as provided in paragraph (b)(3) of this section, the Securities Intermediary's jurisdiction is the jurisdiction in which is located the chief executive office of the Securities Intermediary.

(c) Notwithstanding the general rule in paragraph (a)(5) of this section, the law (but not the conflict-of-law rules) of the jurisdiction in which the Person creating a security interest is located governs whether and how the security interest may be perfected automatically or by filing a financing statement.

(d) If the jurisdiction specified in paragraph (b) of this section is a State that has not adopted Revised Article 8 (incorporated by reference, see § 354.1), then the law for the matters specified in paragraph (a) of this section shall be the law of that State as though Revised Article 8 had been adopted by that State. For purposes of the application of the matters specified in paragraph (a) of this section, the Federal Reserve Bank maintaining the Participant's Securities Account is a clearing corporation, and the Participant's interest in a Book-entry Security is a Security Entitlement.

#### § 354.4 Creation of Participant's Security Entitlement; security interests.

(a) A Participant's Security Entitlement is created when a Federal Reserve Bank indicates by book-entry that a Book-entry Sallie Mae Security has been credited to a Participant's Securities Account.

(b) A security interest in a Security Entitlement of a Participant in favor of the United States to secure deposits of public money, including without limitation deposits to the Treasury tax and loan accounts, or other security interest in favor of the United States that is required by Federal statute, regulation, or agreement, and that is marked on the books of a Federal Reserve Bank is thereby effected and perfected, and has priority over any other interest in the securities. Where a security interest in favor of the United States in a Security Entitlement of a



Participant is marked on the books of a Federal Reserve Bank, such Federal Reserve Bank may rely, and is protected in relying, exclusively on the order of an authorized representative of the United States directing the transfer of the security. For purposes of this paragraph, an “authorized representative of the United States” is the official designated in the applicable regulations or agreement to which a Federal Reserve Bank is a party, governing the security interest.

(c)(1) Sallie Mae and the Federal Reserve Banks have no obligation to agree to act on behalf of any Person or to recognize the interest of any transferee of a security interest or other limited interest in favor of any Person except to the extent of any specific requirement of Federal law or regulation or to the extent set forth in any specific agreement with the Federal Reserve Bank on whose books the interest of the Participant is recorded. To the extent required by such law or regulation or set forth in an agreement with a Federal Reserve Bank, or the Federal Reserve Bank Operating Circular, a security interest in a Security Entitlement that is in favor of a Federal Reserve Bank, Sallie Mae, or a Person may be created and perfected by a Federal Reserve Bank marking its books to record the security interest. Except as provided in paragraph (b) of this section, a security interest in a Security Entitlement marked on the books of a Federal Reserve Bank shall have priority over any other interest in the securities.

(2) In addition to the method provided in paragraph (c)(1) of this section, a security interest, including a security interest in favor of a Federal Reserve Bank, may be perfected by any method by which a security interest may be perfected under applicable law as described in §354.2(b) or §354.3. The perfection, effect of perfection or non-perfection and priority of a security interest are governed by such applicable law. A security interest in favor of a Federal Reserve Bank shall be treated as a security interest in favor of a clearing corporation in all respects under such law, including with respect to the effect of perfection and priority of such security interest. A Federal Re-

serve Bank Operating Circular shall be treated as a rule adopted by a clearing corporation for such purposes.

**§354.5 Obligations of Sallie Mae; no adverse claims.**

(a) Except in the case of a security interest in favor of the United States or a Federal Reserve Bank or otherwise as provided in §354.4(c)(1), for the purposes of this part 354, Sallie Mae and the Federal Reserve Banks shall treat the Participant to whose Securities Account an interest in a Book-entry Sallie Mae Security has been credited as the person exclusively entitled to issue a Transfer Message, to receive interest and other payments with respect thereof and otherwise to exercise all the rights and powers with respect to such Security, notwithstanding any information or notice to the contrary. Neither the Federal Reserve Banks nor Sallie Mae is liable to a Person asserting or having an Adverse Claim to a Security Entitlement or to a Book-entry Sallie Mae Security in a Participant’s Securities Account, including any such claim arising as a result of the transfer or disposition of a Book-entry Sallie Mae Security by a Federal Reserve Bank pursuant to a Transfer Message that the Federal Reserve Bank reasonably believes to be genuine.

(b) The obligation of Sallie Mae to make payments of interest and principal with respect to Book-entry Sallie Mae Securities is discharged at the time payment in the appropriate amount is made as follows:

(1) Interest on Book-entry Sallie Mae Securities is either credited by a Federal Reserve Bank to a Funds Account maintained at such Bank or otherwise paid as directed by the Participant.

(2) Book-entry Sallie Mae Securities are redeemed at maturity or pursuant to a call for redemption in accordance with their terms by a Federal Reserve Bank withdrawing the securities from the Participant’s Securities Account in which they are maintained and by either crediting the amount of the redemption proceeds, including both principal and interest where applicable, to a Funds Account at such Bank or otherwise paying such principal and interest, as directed by the Participant.

## § 354.6

### § 354.6 Authority of Federal Reserve Banks.

(a) Each Federal Reserve Bank is hereby authorized as fiscal agent of Sallie Mae to perform functions with respect to the issuance of Book-entry Sallie Mae Securities offered and sold by Sallie Mae, in accordance with the Securities Documentation, and Federal Reserve Bank Operating Circulars; to service and maintain Book-entry Sallie Mae Securities in accounts established for such purposes; to make payments of principal and interest with respect to such Book-entry Sallie Mae Securities as directed by Sallie Mae; to effect transfer of Book-entry Sallie Mae Securities between Participants' Securities Account as directed by the Participants; to effect conversions between Book-entry Sallie Mae securities and Definitive Sallie Mae Securities with respect to those securities as to which conversion rights are available pursuant to the applicable Securities Documentation; and to perform such other duties as fiscal agent as may be requested by Sallie Mae.

(b) Each Federal Reserve Bank may issue Operating Circulars not inconsistent with this part, governing the details of its handling of Book-entry Sallie Mae Securities, Security Entitlements, and the operation of the Book-entry System under this part.

### § 354.7 Withdrawal of eligible Book-entry Sallie Mae Securities for conversion to definitive form.

(a) Eligible Book-entry Sallie Mae Securities may be withdrawn from the Book-entry System by requesting delivery of like Definitive Sallie Mae Securities.

(b) A Federal Reserve Bank shall, upon receipt of appropriate instructions to withdraw Eligible Book-entry Sallie Mae Securities from book-entry in the Book-entry System, convert such securities into Definitive Sallie Mae Securities and deliver them in accordance with such instructions. No such conversion shall affect existing interests in such Sallie Mae Securities.

(c) All requests for withdrawal of Eligible Book-entry Sallie Mae Securities must be made prior to the maturity or date of call of such securities.

## 31 CFR Ch. II (7-1-02 Edition)

(d) Sallie Mae Securities which are to be delivered upon withdrawal may be issued in either registered or bearer form, to the extent permitted by the applicable Securities Documentation.

### § 354.8 Waiver of regulations.

The Secretary reserves the right, in the Secretary's discretion, to waive any provision(s) of the regulations in this part in any case or class of cases for the convenience of Sallie Mae, or in order to relieve any person or entity of unnecessary hardship, if such action is not inconsistent with law, does not adversely affect substantial existing rights, and the Secretary is satisfied that such action will not subject Sallie Mae to any substantial expense or liability.

### § 354.9 Liability of Sallie Mae and Federal Reserve Banks.

Sallie Mae and the Federal Reserve Banks may rely on the information provided in a Transfer Message, and are not required to verify the information. Sallie Mae and the Federal Reserve Banks shall not be liable for any action taken in accordance with the information set out in a Transfer Message or evidence submitted in support thereof.

### § 354.10 Additional provisions.

(a) *Additional requirements.* In any case or any class of cases arising under these regulations, Sallie Mae may require such additional evidence and a bond of indemnity, with or without surety, as may in the judgment of Sallie Mae be necessary for the protection of the interests of Sallie Mae.

(b) *Notice of attachment for Sallie Mae Securities in Book-entry System.* The interest of a debtor in a Security Entitlement may be reached by a creditor only by legal process upon the Securities Intermediary with whom the debtor's securities account is maintained, except where a Security Entitlement is maintained in the name of a secured party, in which case the debtor's interest may be reached by legal process upon the secured party. The regulations in this part do not purport to establish whether a Federal Reserve Bank is required to honor an order or other notice of attachment in any particular case or class of cases.

**PART 355—REGULATIONS GOV-  
ERNING FISCAL AGENCY  
CHECKS**

Sec.

355.0 What does this part cover?

355.1 Do any other regulations cover fiscal agency checks?

355.2 What special terms do I need to know to understand this part?

355.3 Where can I cash my fiscal agency check?

355.4 Is there a time limit on cashing a fiscal agency check?

355.5 What warranties does a presenting bank make?

355.6 What happens if the presenting bank breaches its warranty?

355.7 What notice should I give if I do not receive my check or if a check is lost, stolen, or destroyed?

355.8 How can I get a replacement fiscal agency check?

355.9 What should I do if I recover a check reported as lost, stolen, destroyed, or not received?

355.10 What happens if I present my check to the payor Reserve Bank more than six months after the issue date of the check?

355.11 What should I do if the endorsement on my check is forged or unauthorized?

355.12 What requirements apply if the check is payable to two or more persons?

355.13 Are there any additional requirements related to fiscal agency checks?

355.14 Can these regulations be waived?

355.15 Can these regulations be amended?

AUTHORITY: 12 U.S.C. 391; 31 U.S.C. Ch. 31.

SOURCE: 65 FR 65700, Nov. 1, 2000, unless otherwise noted.

**§ 355.0 What does this part cover?**

This part governs checks issued for payments in connection with United States securities. These checks, referred to as “fiscal agency checks,” are issued by a designated Federal Reserve Bank in its capacity as fiscal agent of the United States. The checks are drawn on the payor Federal Reserve Bank in its banking capacity. The drawer of a fiscal agency check is the United States, and the drawee is a Federal Reserve Bank. The rights and liabilities of the United States, the Federal Reserve Banks, and others are set out in this part.

**§ 355.1 Do any other regulations cover fiscal agency checks?**

The regulations governing checks drawn on the United States and on des-

ignated depositories of the United States do not apply to fiscal agency checks, unless a statute specifically provides differently, or unless we state differently in this part. If a definition or matter pertaining to fiscal agency checks is not specifically covered in this part, we will apply the provisions of Regulations J of the Board of Governors of the Federal Reserve System, at 12 CFR part 210. To the extent not otherwise covered by this part or by Regulation J, we will apply the provisions of the Uniform Commercial Code (U.C.C.)

**§ 355.2 What special terms do I need to know to understand this part?**

*Depository institution* means:

(1) Any insured bank, mutual savings bank or savings bank as defined in 12 U.S.C. 1813, or any institution eligible to become an insured bank under 12 U.S.C. 1815;

(2) Any insured credit union as defined in 12 U.S.C. 1752, or any credit union eligible to become an insured credit union under 12 U.S.C. 1781;

(3) Any member as defined in 12 U.S.C. 1422; and

(4) Any savings association as defined in 12 U.S.C. that is an insured depository institution as defined in the Federal Deposit Insurance Act, 12 U.S.C. 1811 *et seq.*, or is eligible to become an insured depository institution under that Act.

*Fiscal agency check* means a check for a payment in connection with a United States security drawn upon a Reserve Bank and issued on our behalf by the Reserve Bank in its capacity as fiscal agent of the United States.

*Payee (or “you”)* means the person or persons to whom a fiscal agency check is made payable.

*Payor Reserve Bank* means the Reserve Bank on which a fiscal agency check is drawn.

*Presenting bank* means a depository institution that sends a fiscal agency check directly to a Reserve Bank for payment or collection.

*Reserve Bank or Federal Reserve Bank* means any Federal Reserve Bank or any branch of a Federal Reserve Bank.

*Security*, for the purpose of this part, means a direct obligation of the United

### § 355.3

States, including a Treasury bill, note, bond or savings bond/note.

*We* (or “*us*”) refers to the Secretary of the Treasury and the Secretary’s delegates at the Treasury Department and the Bureau of the Public Debt. The term also extends to any fiscal or financial agency acting on behalf of the United States when designated to act by the Secretary or the Secretary’s delegates. The term does not refer to a United States Savings Bond issuing or paying agent.

#### **§ 355.3 Where can I cash my fiscal agency check?**

Presentment of a fiscal agency check must be made to the payor Reserve Bank. The payor Reserve Bank will only cash a fiscal agency check presented by the payee who can be identified to the satisfaction of the Reserve Bank. Otherwise, a fiscal agency check must be presented through banking channels. A refusal to accept or to pay fiscal agency check presented by a person other than the payee, or by a payee who is not reasonably identified, does not constitute dishonor.

#### **§ 355.4 Is there a time limit on cashing a fiscal agency check?**

A payor Reserve Bank may refuse to pay a fiscal agency check presented more than six (6) months after the issue date of the check. If the check is not presented within this time, you must follow the procedures in § 355.10.

#### **§ 355.5 What warranties does a presenting bank make?**

(a) A presenting bank makes the warranties required of a sender under Subpart A of Regulation J (12 CFR part 210). This paragraph does not limit any warranty by a presenter or other party arising under State law.

(b) We are not barred from recovering on a breach of warranty solely because:

(1) Our negligence contributed to a fraudulent endorsement or material alteration;

(2) We did not promptly discover an unauthorized signature or alteration;

(3) An impostor fraudulently caused the issuance of a fiscal agency check in the name of any existing payee; or

### 31 CFR Ch. II (7–1–02 Edition)

(4) Our employee fraudulently caused the issuance of a fiscal agency check in the name of any existing payee.

#### **§ 355.6 What happens if the presenting bank breaches its warranty?**

If the presenting bank breaches its warranty, the payor Reserve Bank may either return the check to the presenting bank or send notice of the breach to the presenting bank. If the presenting bank does not make prompt restitution when it receives the returned check or notice of breach, we may begin appropriate collection procedures.

#### **§ 355.7 What notice should I give if I do not receive my check or if a check is lost, stolen, or destroyed?**

If a fiscal agency check is not received within a reasonable time after a payment is due, or if a check is lost, stolen, or destroyed, you must provide prompt written notification. Your written notice may be sent to us or to the payor Reserve Bank. You may give notice by telephone, but we will not issue a replacement check until you confirm the notice in writing. The written notice must provide enough information for us to identify the account and the security to which the payment relates. We will stop payment on the fiscal agency check if we have a reasonable time to act before final payment.

#### **§ 355.8 How can I get a replacement fiscal agency check?**

The payor Federal Reserve Bank will issue a replacement fiscal agency check if:

(a) You submit written notice;

(b) The check is unpaid;

(c) We determine that recovery of the original check is unlikely; and

(d) The payee and endorsee, if any, of the check execute the required indemnification agreement.

#### **§ 355.9 What should I do if I recover a check reported as lost, stolen, destroyed, or not received?**

If you recover the original check you must notify us in writing. If we have not yet issued a replacement check, we will remove the stop payment order against the original check. If we have

already issued a replacement check, you must return the original check to us.

**§ 355.10 What happens if I present my check to the payor Reserve Bank more than six months after the issue date of the check?**

If the payor Reserve Bank refuses payment on a fiscal agency check solely because it is presented more than six (6) months after the issue date of the check, a replacement check will be issued if you:

- (a) Surrender the original check; and
- (b) Execute the required indemnification agreement.

**§ 355.11 What should I do if the endorsement on my check is forged or unauthorized?**

If we verify the existence of a forged or unauthorized endorsement on a paid fiscal agency check, the payor Reserve Bank will issue a replacement check to the person entitled. The payee or endorsee must execute an affidavit that there has been a forged or unauthorized endorsement. We may also require an indemnification agreement.

**§ 355.12 What requirements apply if the check is payable to two or more persons?**

If the fiscal agency check is payable to two or more persons, the requirements of this part apply to all designated payees.

**§ 355.13 Are there any additional requirements related to fiscal agency checks?**

We may require an indemnification agreement, with or without surety. You must provide any additional evidence we consider necessary. We will require any information necessary for the protection of the interests of the United States.

**§ 355.14 Can these regulations be waived?**

We reserve the right, in our discretion, to waive any provision of the regulations in this part in any case or class of cases for the convenience of the United States, or to relieve any person of unnecessary hardship, if the waiver is not inconsistent with law and

will not subject the United States to substantial expense or liability.

**§ 355.15 Can these regulations be amended?**

We may, at any time, supplement, amend, or revise the regulations in this part.

**PART 356—SALE AND ISSUE OF MARKETABLE BOOK-ENTRY TREASURY BILLS, NOTES, AND BONDS (DEPARTMENT OF THE TREASURY CIRCULAR, PUBLIC DEBT SERIES NO. 1-93)**

**Subpart A—General Information**

- Sec.
- 356.0 Authority for sale and issue.
  - 356.1 Applicability.
  - 356.2 Definitions.
  - 356.3 Book-entry securities and systems.
  - 356.4 Functions of Federal Reserve Banks.
  - 356.5 Description of securities.

**Subpart B—Bidding, Certifications, and Payment**

- 356.10 Offering announcement.
- 356.11 Submission of bids.
- 356.12 Noncompetitive and competitive bidding.
- 356.13 Net long position.
- 356.14 Submitting bids for customers.
- 356.15 Bidding through investment advisers.
- 356.16 Certifications.
- 356.17 Responsibility for payment.

**Subpart C—Determination of Auction Awards; Settlement**

- 356.20 Determination of auction awards.
- 356.21 Proration of awards.
- 356.22 Limitation on auction awards.
- 356.23 Announcing auction results.
- 356.24 Notice of awards; confirmations.
- 356.25 Payment for awarded securities.

**Subpart D—Miscellaneous Provisions**

- 356.30 Payment of principal and interest on notes and bonds.
- 356.31 STRIPS.
- 356.32 Taxation.
- 356.33 Reservation of rights.
- 356.34 Remedies.
- 356.35 Reservations as to terms of offerings.
- 356.36 Paperwork Reduction Act approval.

**APPENDIX A TO PART 356—BIDDER DEFINITIONS**

**APPENDIX B TO PART 356—FORMULAS AND TABLES**

**APPENDIX C TO PART 356—INVESTMENT CONSIDERATIONS**

## § 356.0

APPENDIX D TO PART 356—DESCRIPTION OF THE CONSUMER PRICE INDEX

EXHIBIT A TO PART 356—SAMPLE ANNOUNCEMENTS OF TREASURY OFFERINGS TO THE PUBLIC

EXHIBIT B TO PART 356—SAMPLE AUTOCHARGE AGREEMENT TO DELIVER AND CHARGE FOR SECURITIES AWARDED IN DEPARTMENT OF THE TREASURY AUCTIONS (SUBMITTER AND DEPOSITORY INSTITUTION)

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 3102, *et seq.*; 12 U.S.C. 391.

SOURCE: 58 FR 414, Jan. 5, 1993, unless otherwise noted.

### Subpart A—General Information

#### § 356.0 Authority for sale and issue.

The Secretary of the Treasury is authorized under chapter 31 of title 31, United States Code, to issue United States obligations and to offer them for sale under such terms and conditions as the Secretary may prescribe.

#### § 356.1 Applicability.

Unless otherwise specified in an offering announcement, the provisions in this part, including the appendices, govern the sale and issuance of all marketable Treasury securities and any other obligations issued by the Secretary that, by the terms of the offering announcement, are made subject to this part.

#### § 356.2 Definitions.

In this part, unless the context indicates otherwise:

*Accrued interest* means an amount payable to the Department for such part of the next semiannual interest payment that represents interest income attributed to the period prior to the date of issue. (See appendix B, section I, paragraph C.)

*Adjusted value* means, for an interest component stripped from an inflation-indexed security, an amount derived by multiplying the semiannual interest rate by the par amount and then multiplying this value by 100 divided by the Reference CPI of the original issue date (or dated date, when the dated date is different from the original issue date). (See Appendix B, Section IV to this part, for an example of how to calculate the adjusted value for interest

## 31 CFR Ch. II (7–1–02 Edition)

components stripped from an inflation-indexed security.)

*Auction* means a bidding process by which the Department sells marketable Treasury securities to the public.

*Autocharge agreement* means a written agreement between a submitter and a depository institution or between a clearing corporation and a depository institution, acknowledged by a Federal Reserve Bank, which authorizes a Federal Reserve Bank to deliver securities awarded at auction to the book-entry account of the depository institution or, when authorized, to a TREASURY DIRECT account, and to charge a funds account of the depository institution for the settlement amount of the securities. (See exhibit B for a sample autocharge agreement between a submitter and a depository institution.)

*Bid* means an offer to purchase a stated par amount of securities, either competitively or noncompetitively, in an auction. An offer to purchase a stated par amount of securities submitted by a depository institution or dealer to fulfill a guarantee to sell a specified amount of securities at an agreed-upon price or a price fixed in terms of an agreed-upon standard is a bid of the depository institution or dealer and not a bid of a customer.

*Bidder*, as further defined in appendix A, means a person or an entity that bids either directly or through an entity authorized to submit bids for customers in an auction. In some cases, two or more persons or entities are considered to be one bidder based on their relationship or their actions in participating in an auction.

*Bid-to-cover ratio* means the total par amount of securities bid for by the public divided by the total par amount of securities awarded to the public. The bid-to-cover ratio excludes any bids or awards for accounts of foreign and international monetary authorities at Federal Reserve Banks and for the account of the Federal Reserve Banks.

*Book-entry security* means a security the issuance and maintenance of which are represented by an accounting entry or electronic record and not by a certificate. Treasury book-entry securities may generally be held in either TRADES or in TREASURY DIRECT. (See § 356.3.)

*Business day* means any day other than a Saturday, Sunday, or other day on which the Federal Reserve Banks are not open for business.

*Call* means the redemption, pursuant to the terms specified in its offering announcement, of a security, in whole or in part, prior to maturity, at the option of the Secretary.

*Clearing corporation* means a clearing agency as defined in Section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(23)) that is registered with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934 and the rules thereunder.

*Competitive bid* means a bid to purchase a stated par amount of securities at a specified yield or discount rate.

*Consumer Price Index* (CPI) means the monthly non-seasonally adjusted *U.S. City Average All Items Consumer Price Index for All Urban Consumers*, published by the Bureau of Labor Statistics of the Department of Labor. (See appendix D.)

*Corpus* means the principal component of a stripped security and future callable semiannual interest payments, if any.

*CUSIP* means Committee on Uniform Securities Identification Procedures.

*CUSIP number* means the unique identifying number assigned to each separate security issue and each separate STRIPS component. CUSIP numbers are provided by the CUSIP Service Bureau of Standard & Poor's Corporation.

*Customer* means a bidder on whose behalf a depository institution or dealer has been directed to submit or forward a competitive or noncompetitive bid for a specified amount of securities in a specific auction. Only depository institutions and dealers may submit or forward bids for customers, whether directly to a Federal Reserve Bank or the Bureau of the Public Debt, or through an intermediary depository institution or dealer.

*Daily interest decimal* means, for a fixed-principal security, the interest factor attributable to one day of an interest payment period per \$1,000 par amount.

*Dated date* means the date from which interest accrues. The dated date and issue date are the same except

when the date from which interest accrues is prior to the issue date.

*Dealer* means an entity that is registered or has given notice of its status as a government securities broker or government securities dealer, pursuant to Section 15C(a)(1) of the Securities Exchange Act of 1934.

*Delivery and payment agreement* means a written agreement between a clearing corporation and a submitter, acknowledged by a Federal Reserve Bank, authorizing the Federal Reserve Bank, with respect to securities awarded to the submitter for its own account, to deliver such securities to, and accept payment from, a depository institution acting on behalf of the clearing corporation pursuant to an acknowledged autocharge agreement.

*Department* means the United States Department of the Treasury.

*Depository institution* means:

(1) An entity described in section 19(b)(1)(A), excluding subparagraph (vii), of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)). Under section 19(b)(1)(A) of the Federal Reserve Act, the term *depository institution* includes:

(i) Any insured bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(ii) Any mutual savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(iii) Any savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(iv) Any insured credit union as defined in 12 U.S.C. 1752 or any credit union which is eligible to make application to become an insured credit union under 12 U.S.C. 1781;

(v) Any member as defined in 12 U.S.C. 1422; and

(vi) Any savings association (as defined in 12 U.S.C. 1813) which is an insured depository institution (as defined in the Federal Deposit Insurance Act, 12 U.S.C. 1811, *et seq.*) or is eligible to apply to become an insured depository institution under such Act.

(2) Any agency or branch of a foreign bank as defined by the International

Banking Act of 1978, as amended (12 U.S.C. 3101).

*Discount* means the difference between par and the price of the security, when the price is less than par.

*Discount amount* means the discount divided by 100 and multiplied by the par amount.

*Discount rate*, also referred to as “bank discount rate,” means an annualized rate of return to maturity on bills, expressed in percentage terms and based on a 360-day year. (See appendix B for formulas and examples.)

*Federal Reserve Bank* means a Federal Reserve Bank or a branch of a Federal Reserve Bank.

*Funds account* means a cash account maintained by a depository institution at a Federal Reserve Bank.

*Index* means the Consumer Price Index, which is used as the basis for making adjustments to principal amounts of inflation-indexed securities. (See appendix D.)

*Index ratio* means, for any particular date and any particular inflation-indexed security, the Reference CPI applicable to such date divided by the Reference CPI applicable to the original issue date (or dated date, when the dated date is different from the original issue date). (See appendix B, section I, paragraph B.)

*Inflation-adjusted principal* means, for an inflation-indexed security, the value of the security derived by multiplying the par amount by the applicable index ratio as described in appendix B, section I, paragraph B.

*Interest rate* means the annual percentage rate of interest paid on the par amount or the inflation-adjusted principal of a specific issue of notes or bonds. (See appendix B for methods and examples of interest calculations on notes and bonds.)

*Intermediary* means a depository institution or dealer that forwards bids for customers to another depository institution or dealer and not directly to a Federal Reserve Bank or the Bureau of the Public Debt.

*Investment adviser* means any person or entity that has investment discretion for the bids or positions of a person or entity not considered part of the investment adviser under the bidder definitions in Appendix A of this part.

Investment discretion includes determining what, how many, and when securities shall be purchased or sold. A person or entity managing investments for itself is not considered an investment adviser for such investments. Where a person is employed or supervised by an entity in connection with his activities as an investment adviser, such person is considered to be part of that entity.

*Issue date* means the date specified in the offering announcement on which a security is issued as an obligation of the United States, and from which interest normally begins to accrue.

*Marketable security* means a security that is negotiable and transferable, i.e., may be bought and sold in the secondary market.

*Maturity date* means the date specified in the offering announcement on which a security becomes due and payable, and ceases to earn interest.

*Minimum to hold* means the smallest amount of a security that will be issued to a bidder and may be held in any book-entry account. Unless otherwise stated in the offering announcement, the minimum to hold is the same as the minimum bid amount given in the offering announcement.

*Multiple-price auction* means an auction in which each successful competitive bidder pays the price equivalent to the yield or rate that it bid.

*Multiple to hold* means the smallest additional amount of a security that will be issued to a bidder and may be held in any book-entry account above the minimum to hold. Unless otherwise stated in the offering announcement, the multiple to hold is the same as the multiple to bid amount given in the offering announcement.

*Noncompetitive bid* means, for a single-price auction, a bid to purchase securities at the highest yield or discount rate of awards to competitive bidders. For a multiple-price auction, a noncompetitive bid means a bid to purchase securities at the weighted average yield or discount rate of awards to competitive bidders.

*Par* means a price of 100. (See appendix B.)

*Par amount* means the stated value of a security at original issuance.

*Person* means a natural person.



*Premium* means the difference between par and the price of the security, when the price is greater than par.

*Premium amount* means the premium divided by 100 and multiplied by the par amount.

*Price* means the price of a security as calculated using the formulas in appendix B.

*Public offering* means the par amount of securities offered to the public for purchase in an auction. For all bills except cash management bills, the public offering is the amount specified in the offering announcement, less securities awarded in the auction to the Federal Reserve Banks for the accounts of foreign and international monetary authorities (up to the amount of maturing securities held by such accounts). For notes, bonds, and cash management bills, the public offering is the same as the amount specified in the offering announcement.

*Real yield* means, for an inflation-indexed security, the yield based on the payment stream in constant dollars, i.e., before adjustment by the index ratio.

*Reference CPI* (Ref CPI) means, for an inflation-indexed security, the index number applicable to a given date. (See appendix B, section I, paragraph B.)

*Reopening* means the auction of an additional amount of an outstanding security.

*Secretary* means Secretary of the Treasury.

*Security* means a Treasury bill, note, or bond, each as described in this part, and any other obligation issued by the Secretary that, by the terms of the applicable offering announcement, is made subject to this part. Security includes an interest or principal component under the STRIPS program (see below).

*Settlement* means final and complete payment for securities awarded in an auction.

*Settlement amount* means the par amount of securities awarded less any discount amount and plus any premium amount and/or any accrued interest. For inflation-indexed securities, the settlement amount also includes any inflation adjustment when such securities are reopened or when the dated date is different from the issue date.

*Single-price auction* means an auction in which all successful bidders pay the same price regardless of the yields or rates they each bid.

*STRIPS* (Separate Trading of Registered Interest and Principal of Securities) means the Department's program under which eligible securities are authorized to be separated into principal and interest components, and transferred separately. These components are maintained in book-entry accounts, and transferred, in TRADES.

*Submitter* means the person or entity submitting bids directly to a Federal Reserve Bank or the Bureau of the Public Debt for its own account, for the account of others, or both. The only submitters that are permitted to submit bids for the account of others are depository institutions and dealers.

*Tender* means the document or computer transmission submitted to a Federal Reserve Bank or the Bureau of the Public Debt by which a bidder bids for securities.

*TINT* means an interest component from a stripped security.

*TRADES* means the Treasury/Reserve Automated Debt Entry System.

*TREASURY DIRECT* means the TREASURY DIRECT Book-Entry Securities System. (See 31 CFR part 357, subpart C.)

*Weighted average* means the average of the yields or discount rates at which securities are awarded to competitive bidders weighted by the par amount of securities allotted at each yield or discount rate.

*Yield*, also referred to as "yield to maturity," means the annualized rate of return to maturity on a fixed-principal security expressed as a percentage. For an inflation-indexed security, yield means the real yield. (See appendix B.)

[58 FR 414, Jan. 5, 1993, as amended at 59 FR 28774, June 3, 1994; 60 FR 13907, Mar. 15, 1995; 61 FR 37010, July 16, 1996; 61 FR 43637, Aug. 23, 1996; 62 FR 850, Jan. 6, 1997; 62 FR 25114, May 8, 1997; 63 FR 35783, June 30, 1998; 64 FR 3634, Jan. 25, 1999]

### § 356.3 Book-entry securities and systems.

Securities issued subject to this part shall be held and transferred in either

#### § 356.4

of the two book-entry securities systems—TRADES or TREASURY DIRECT—described in this section. Securities are maintained and transferred, to the extent authorized in 31 CFR part 357, in these two book-entry systems at their par amount, e.g., for inflation-indexed securities, adjustments for inflation will not be included in this amount. Securities may be transferred from one system to the other in accordance with Treasury regulations governing book-entry Treasury bills, notes, and bonds. See Department of the Treasury Circular, Public Debt Series No. 2-86, as amended (31 CFR part 357).

(a) *Treasury/Reserve Automated Debt Entry System (TRADES)*. TRADES is established, maintained and operated by the Federal Reserve Banks acting as fiscal agents of the United States, pursuant to 12 U.S.C. 391. The Federal Reserve Banks maintain book-entry accounts for themselves, depository institutions, and other authorized entities, such as government and international agencies and foreign central banks. In their accounts, depository institutions maintain securities held for their own account and for the accounts of others, including other depository institutions and dealers, which may, in turn, maintain accounts for others. For accounts maintained in TRADES, Treasury discharges its payment obligations when payment is credited to the applicable account maintained at a Federal Reserve Bank or payment is made in accordance with the instructions of the person or entity maintaining such account. Further, neither Treasury nor the Federal Reserve Banks have any obligations to, nor will they recognize any claims of, any person or entity that does not have an account at a Federal Reserve Bank. In addition, neither Treasury nor the Federal Reserve Banks will recognize the claims of any person or entity with respect to any accounts not maintained at a Federal Reserve Bank.

(b) *TREASURY DIRECT*. TREASURY DIRECT is a system in which the book-entry securities of account holders are identified and maintained directly on the records of the Bureau of the Public Debt, Department of the Treasury. In TREASURY DIRECT, Treasury dis-

#### 31 CFR Ch. II (7-1-02 Edition)

charges its payment obligations when payment is made to a depository institution for credit to the account specified by the owner of the security, or when payment is made in accordance with the instructions of the owner of the security.

[58 FR 414, Jan. 5, 1993, as amended at 61 FR 43637, Aug. 23, 1996; 62 FR 850, Jan. 6, 1997]

#### § 356.4 Functions of Federal Reserve Banks.

Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform all activities necessary to carry out the provisions of this part, any offering announcements, and applicable regulations.

#### § 356.5 Description of securities.

Securities offered pursuant to this part are offered exclusively in book-entry form and are direct obligations of the United States, issued under chapter 31 of title 31 of the United States Code. The securities are subject to the terms and conditions set forth in this part, including the appendices, as well as the regulations governing book-entry Treasury bills, notes, and bonds (31 CFR part 357), and the offering announcements, all to the extent applicable. When the Department issues additional securities with the same CUSIP number as outstanding securities, all securities with the same CUSIP number are considered the same security.

(a) *Treasury bills*. Treasury bills are issued at a discount, are redeemed at their par amount at maturity, and have maturities of not more than one year.

(b) *Treasury notes*—(1) *Treasury fixed-principal*<sup>1</sup> notes. Treasury fixed-principal notes are issued with a stated rate of interest to be applied to the par amount, have interest payable semi-annually, and are redeemed at their par amount at maturity. They are sold

<sup>1</sup>The term “fixed-principal” is used in this part to distinguish such securities from “inflation-indexed” securities. Fixed-principal notes and fixed-principal bonds are referred to as “notes” and “bonds” in official Treasury publications, such as offering announcements and auction results press releases, as well as in auction systems.

## Fiscal Service, Treasury

## § 356.11

at discount, par, or premium, depending upon the auction results. They have maturities of at least one year, but not more than ten years.

(2) *Treasury inflation-indexed notes.* Treasury inflation-indexed notes are issued with a stated rate of interest to be applied to the inflation-adjusted principal on each interest payment date, have interest payable semiannually, and are redeemed at maturity at their inflation-adjusted principal, or at their par amount, whichever is greater. They are sold at discount, par, or premium, depending upon the auction results. They have maturities of at least one year, but not more than ten years. (See appendix B for price and interest payment calculations and appendix C for Investment Considerations.)

(c) *Treasury bonds*—(1) *Treasury fixed-principal bonds.* Treasury fixed-principal bonds are issued with a stated rate of interest to be applied to the par amount, have interest payable semiannually, and are redeemed at their par amount at maturity. They are sold at discount, par, or premium, depending upon the auction results. They typically have maturities of more than ten years.

(2) *Treasury inflation-indexed bonds.* Treasury inflation-indexed bonds are issued with a stated rate of interest to be applied to the inflation-adjusted principal on each interest payment date, have interest payable semiannually, and are redeemed at maturity at their inflation-adjusted principal, or at their par amount, whichever is greater. They are sold at discount, par, or premium, depending upon the auction results. They typically have maturities of more than ten years. (See appendix B for price and interest payment calculations and appendix C for Investment Considerations.)

[58 FR 414, Jan. 5, 1993, as amended at 62 FR 851, Jan. 6, 1997]

### Subpart B—Bidding, Certifications, and Payment

#### § 356.10 Offering announcement.

The Department provides public notice of the sale of bills, notes, and bonds by issuing an offering announcement. The offering announcement lists

the specifics of each offering, e.g., offering amount, term and type of security, CUSIP number, and issue and maturity dates. The offering announcement and this part, including the Appendices, specify the terms and conditions of sale. To the extent that the provisions of an offering announcement are inconsistent with the provisions of this part, the provisions of the offering announcement will control. Accordingly, bidders should read the applicable offering announcement in conjunction with this part. (See Exhibit A for sample announcements.)

[58 FR 414, Jan. 5, 1993, as amended at 62 FR 851, Jan. 6, 1997]

#### § 356.11 Submission of bids.

(a) *General.* (1) Bids may be submitted directly to a Federal Reserve Bank that is authorized to accept tenders or to the Bureau of the Public Debt, Washington, DC, or through a depository institution or dealer that is authorized, pursuant to § 356.14, to submit bids on behalf of customers. Except as otherwise provided, tenders must be submitted in an approved format, including the use of preassigned identification numbers, where applicable. Competitive and noncompetitive bids must be received prior to the respective closing times specified in the offering announcement, except as provided in paragraph (b)(2) of this section. Bids not received timely will not be recognized in the auction. Bids for securities are binding on the bidder after the closing time specified in the offering announcement.

(2) If the awarded securities are to be issued in TRADES, a submitter must have on file at a Federal Reserve Bank a certificate listing those persons who are authorized to submit tenders on its behalf. The certificate must be duly executed by an authorized person on behalf of the submitter. A tender will not be recognized if the person submitting the tender is not listed on the certificate. The submitter is responsible for any tenders submitted for the submitter by persons who are designated on the certificate as authorized to submit tenders on its behalf.

(b) *Submission of paper tenders.* (1) Paper tenders should be on preprinted forms provided by the Federal Reserve

Bank to which the tender is submitted or preprinted forms of the Bureau of the Public Debt, and should provide the information requested on the form. Paper tenders in any other form or incomplete tenders may be accepted or rejected at the option of the Department.

(2) For competitive bids, if securities are to be delivered to more than one account, a separate paper tender must be submitted for each delivery instruction specified.

(3) The submitter is responsible for ensuring that the paper tender is received timely at the Federal Reserve Bank or the Bureau of the Public Debt, Washington, DC. A noncompetitive bid is considered timely if received prior to the deadline for the receipt of noncompetitive tenders. Further, a noncompetitive bid received after the deadline for the receipt of noncompetitive tenders is considered timely only if it was submitted by mail and only if the envelope containing the tender bears a U.S. Postal Service cancellation date prior to the auction date and the tender is received on or before the issue date.

(4) Neither the Federal Reserve Bank nor the Department shall be, in any way, responsible for any unauthorized paper tender submissions or for any delays, errors, or omissions in the submission of paper tenders.

(c) *Submission of tenders by computer.* Competitive and noncompetitive tenders may be submitted by computer transmission to a Federal Reserve Bank. Tenders may be submitted by computer only by those submitters that have previously arranged with a Federal Reserve Bank for such submission.

(1) For computer tenders, the submitter must comply with computer communications and electronic access standards and requirements for Treasury auctions. Incomplete tenders or transmissions that do not comply with such standards and requirements may be accepted or rejected at the option of the Department.

(2) All tenders submitted by computer are binding on the submitter to the same extent as if they had been paper tenders. No paper tender should

be submitted that duplicates a tender submitted by computer.

(3) Tenders submitted by computer must be received by the applicable closing time; the Federal Reserve Bank's computer time stamp will establish the time of receipt.

(4) The submitter bears sole risk for any disruption or failure in the operation of its own computer, any electronic-based communications facilities, or any communications lines between the submitter and the Federal Reserve Bank.

(5) The submitter is responsible for tenders submitted using computer equipment on its premises, whether or not such tenders are authorized.

(6) Neither the Federal Reserve Bank nor the Department shall be, in any way, responsible for any delays, errors, or omissions in the submission of tenders.

[58 FR 414, Jan. 5, 1993, as amended at 59 FR 28774, June 3, 1994; 61 FR 37010, July 16, 1996; 61 FR 43637, Aug. 23, 1996]

#### § 356.12 Noncompetitive and competitive bidding.

(a) *General.* All bids, including bids for reopenings, must state the par amount of securities bid for and must equal or exceed the minimum bid amount stated in the offering announcement. Bids that exceed the minimum bid amount must be in the multiple stated in the offering announcement.

(b) *Noncompetitive.* A bidder bidding competitively for its own account may not bid noncompetitively for its own account in the same auction. A request for reinvestment of securities maturing in TREASURY DIRECT is a noncompetitive bid.

(1) *Maximum bid.* A bidder may not bid noncompetitively for more than \$1 million in a bill auction or more than \$5 million in a note or bond auction. The maximum bid limitation does not apply to bidders who are bidding solely through TREASURY DIRECT reinvestment requests.

(2) *Additional restrictions.* Between the date of the offering announcement and the time of the official announcement by the Department of the auction results, a noncompetitive bidder may not hold, at any time, a position for its

own account in when-issued trading or in futures or forward contracts in the security being auctioned or enter into any agreement to purchase or sell or otherwise dispose of the securities it is acquiring in the auction. For purposes of this paragraph, futures contracts include those:

(i) That require delivery of the specific security being auctioned;

(ii) For which the security being auctioned is one of several securities that may be delivered; or

(iii) That are cash-settled.

(c) *Competitive.* A bidder bidding non-competitively for its own account may not bid competitively for its own account in the same auction.

(1) *Bid format*—(i) *Treasury bills.* For all bills except cash management bills, a competitive bid must show the discount rate bid, expressed with three decimals in .005 percent increments. The third decimal must be either a zero or a five, e.g., 5.320 or 5.325. Fractions may not be used. For cash management bills, a competitive bid must show the discount rate bid, expressed with two decimals in .01 percent increments, e.g., 5.14. Fractions may not be used.

(ii) *Treasury fixed-principal securities.* A competitive bid must show the yield bid, expressed with three decimals, e.g., 4.170. Fractions may not be used.

(iii) *Treasury inflation-indexed securities.* A competitive bid must show the real yield bid, expressed with three decimals, e.g., 3.070. Fractions may not be used.

(2) *Maximum recognized bid.* There is no limitation on the maximum dollar amount that a bidder may bid for competitively, either at one yield or discount rate, or at different yields or discount rates. However, a competitive bid by a bidder at a single yield or discount rate that exceeds 35% of the public offering amount will be reduced to that amount. For example, if the public offering is \$10 billion, the maximum bid amount that will be recognized at any one yield or discount rate from any bidder is \$3.5 billion. (See § 356.22 for award limitations.)

[58 FR 414, Jan. 5, 1993, as amended at 60 FR 13907, Mar. 15, 1995; 62 FR 851, Jan. 6, 1997; 62 FR 32033, June 12, 1997; 62 FR 43093, Aug. 12, 1997; 63 FR 4187, Jan. 28, 1998]

### § 356.13 Net long position.

(a) *Reporting net long positions.* When bidding competitively, a bidder must report the amount of its net long position when the total of all of its bids in an auction plus the bidder's net long position in the security being auctioned equals or exceeds the net long position reporting threshold amount. The net long position reporting threshold amount for any particular security will be as stated in the offering announcement for that security. (See § 356.10.) That amount will be \$1 billion for bills, and \$2 billion for notes and bonds, unless otherwise stated in the offering announcement. If the bidder either has no position or has a net short position and the total of all of its bids equals or exceeds the net long position reporting threshold amount, e.g., \$1 billion for bills and \$2 billion for notes and bonds, a net long position of zero must be reported. In cases where a bidder that is required to report the amount of its net long position has more than one bid, the bidder's total net long position should be reported in connection with only one bid. A bidder that is a customer must report its reportable net long position through only one depository institution or dealer. (See § 356.14(c).)

(b) *Determination of net long position.* (1) The net long position must be determined as of the designated reporting time, which is one-half hour prior to the closing time for receipt of competitive bids. Except as modified in (b)(2) in the event of a reopening, a net long position includes the par amount of:

(i) Holdings of outstanding securities with the same CUSIP number as the security being auctioned;

(ii) Holdings of STRIPS principal components of the security being auctioned; and

(iii) Positions, in the security being auctioned, in

(A) When-issued trading, including when-issued trading positions of the STRIPS principal components;

(B) Futures contracts that require delivery of the specific security being auctioned (but not futures contracts for which the security being auctioned is one of several securities that may be delivered, and not futures contracts that are cash-settled); and

(C) Forward contracts that require delivery of the specific security being auctioned or of the STRIPS principal component of that security.

(2) In a reopening (i.e., additional issue) of an outstanding security, a bidder may subtract the published exclusion amount for that security from: its holdings of the outstanding securities (paragraph (b)(1)(i) of this section) combined with its holdings of STRIPS principal components of the security being auctioned (paragraph (b)(1)(ii) of this section). The amount of holdings that may be excluded from the net long position calculation will be specified in the Treasury offering announcement for that auction. A bidder may not take the exclusion if its combined holdings are zero or less than zero. The exclusion is optional for bidders. However, if a bidder takes the exclusion, it must include any holdings in excess of the exclusion amount in calculating its net long position. If the published exclusion amount is greater than the bidder's combined holdings (paragraphs (b)(1)(i) and (ii) of this section), the combined holdings may be calculated as zero, but cannot be included in the calculation as a negative number.

[58 FR 414, Jan. 5, 1993, as amended at 62 FR 25115, May 8, 1997; 62 FR 43093, Aug. 12, 1997; 66 FR 56761, Nov. 13, 2001]

#### § 356.14 Submitting bids for customers.

Depository institutions and dealers may submit bids for their own account, for their customers, or for customers of intermediaries, subject to the requirements set out in paragraphs (a), (b), and (c) of this section. Others are permitted to submit bids only for their own account.

(a) *Payment.* By submitting a bid on behalf of its customer or a customer of any intermediary, a submitter agrees to remit payment for securities awarded as a result of such bid.

(b) *Customer lists.* A customer list must be submitted or be available, as provided in paragraphs (b) (1), (2) and (3), whenever bids for more than one customer are included on the same tender. The customer list must include direct customers of the submitter as well as customers of any intermediaries who are forwarding customer bids to the submitter.

(1) For competitive bids submitted by paper tender, the submitter must provide a separate tender for each yield or discount rate at which a bid is submitted. As a part of such tender, the submitter must provide a list that includes the full name of each customer and the amount bid by each customer. For competitive bids submitted by computer, the submitter may submit bids at multiple yields or discount rates on the same tender. On each such tender, the submitter must submit the full name of each customer and the amount bid at each yield or discount rate by each customer.

(2) For noncompetitive bids, a list must be provided that includes the full name of each customer and the amount bid by each customer. For mailed tenders, the customer list must be submitted with the tender. For other than mailed tenders, the customer list should accompany the tender. If the customer list is not submitted with the tender, information for the list must be complete and available for review by the deadline for submission of noncompetitive tenders, and must be received by the Federal Reserve Bank to which the tender was submitted by close of business on the auction day.

(3) Bids submitted on behalf of trusts or other fiduciary estates must identify on the customer list the full name or title of the trustee or fiduciary; a reference to the document creating the trust or fiduciary estate with date of execution; and the employer identification number of the trust or fiduciary estate.

(c) *Net long position of customers.* (1) A submitter or intermediary, when submitting or forwarding a competitive bid of \$100 million or more for its customer, must inform that customer of the customer's net long position reporting obligation as described in § 356.13.

(2) A submitter or intermediary, when submitting or forwarding a competitive bid for a customer, must report the net long position amount if such amount is provided by the customer.

(3) If personnel of a submitter or intermediary who are directly involved in receiving or forwarding a customer's bid know that the position information

provided by a customer is incorrect, the customer's bid shall not be submitted or forwarded by the submitter or intermediary.

(4) If the amount of a customer's net long position is to be reported by the submitter by paper tender, a separate tender must be submitted for that customer that includes the amount of the net long position.

**§ 356.15 Bidding through investment advisers.**

(a) *General.* Where bids or positions of a person or entity are controlled by an investment adviser, such bids or positions are considered to be a controlled account, separate from the bids and positions of any person or entity with which they would otherwise be associated under the bidder definitions in appendix A of this part. The investment adviser may bid for controlled accounts by including, in a bid in the adviser's name, amounts that it is investing for the controlled accounts. The investment adviser may also bid for controlled accounts in the names of such accounts. Where bids are in an investment adviser's name, the investment adviser is considered the bidder for such bids and, where bids are in the name of a controlled account, the named controlled account is considered the bidder, for all purposes of this part 356, except as specified in this § 356.15.

(b) *Noncompetitive and competitive bidding.* Regardless of whether the bid for a controlled account is in the name of the investment adviser or in the name of the controlled account, such account may not be bid for both noncompetitively and competitively in the same auction. In addition, such account is subject to the noncompetitive bidding restrictions and award limitations contained in §§ 356.12(b) and 356.22(a).

(c) *Reporting net long positions.* In calculating the amount of its bids and positions for purposes of the net long position reporting requirement found in § 356.13(a), the investment adviser must include, in addition to what would otherwise be included for the investment adviser as a bidder under the bidder definitions, all other competitive bids and positions controlled by the investment adviser. The investment adviser may exclude any net long position less

than \$100 million of any nonproprietary controlled account unless the adviser is placing a competitive bid for that account either in the name of the investment adviser or in the name of the account. However, if any net long position less than \$100 million of any nonproprietary account not being bid for is excluded, then all net short positions less than \$100 million of nonproprietary accounts not being bid for must also be excluded. Regardless of whether the investment adviser bids in its own name or in the name of its controlled accounts, if the net long position is reportable, it must be reported as a total in connection with only one bid in accordance with § 356.13(a).

(d) *Submitting bids for controlled accounts.* Notwithstanding the definition of submitter found in § 356.2, and the restriction against submitting bids for others found in § 356.14, an investment adviser may submit bids, whether in the adviser's own name or in the names of its controlled accounts, directly to a Federal Reserve Bank or the Bureau of the Public Debt, in which case the investment adviser is considered a submitter. In the alternative, the investment adviser may forward such bids to a depository institution or dealer.

(e) *Certifications.* By bidding for a controlled account, an investment adviser is deemed to have certified that it is in compliance with this part and the offering announcement governing the sale and issue of the security. Further, the investment adviser is deemed to have certified that the information provided on the tender or provided to a submitter or intermediary with regard to bids for controlled accounts is accurate and complete.

(f) *Proration of awards.* In auctions where bids at the highest accepted yield or discount rate are prorated under § 356.20(a)(2) of this part, investment advisers that submit bids for controlled accounts in the names of such accounts are responsible for prorating awards for their controlled accounts at the same percentage as that announced by the Department. The same prorating rules apply to controlled accounts as apply to submitters. See § 356.21 of this part.

[61 FR 37010, July 16, 1996]

## § 356.16

### § 356.16 Certifications.

(a) *Submitters.* By submitting a tender for a security, a submitter is deemed to have certified that it is in compliance with this part and the offering announcement governing the sale and issue of the security. Further, the submitter is deemed to have certified that the information provided on the tender with regard to bids for its own account is accurate and complete, and that the information provided on the tender with regard to bids for customers accurately and completely reflects information provided to it by its customers or intermediaries. Prior to submitting a computer tender, a submitter must have on file a written certification that the submitter is certifying, each time it submits a computer tender, that it is in compliance with this part and the applicable offering announcement. The certification must be signed and dated by an authorized person on behalf of the submitter, be filed with the Federal Reserve Bank to which the computer tender is submitted, and be renewed at least annually.

(b) *Intermediaries.* By forwarding a bid, an intermediary is deemed to have certified that it is in compliance with this part and the offering announcement governing the sale and issue of the security. Further, the intermediary is deemed to have certified that the information provided to a submitter or other intermediary with regard to bids for its own account is accurate and complete, and that the information provided to a submitter or other intermediary with regard to bids for customers accurately and completely reflects information provided to it by its customers or intermediaries.

(c) *Customers.* By bidding for a security, a customer is deemed to have certified that it is in compliance with this part and the offering announcement governing the sale and issue of the security and that the information it provided to the submitter or intermediary in connection with the bid is accurate and complete.

[58 FR 414, Jan. 5, 1993. Redesignated at 61 FR 37010, July 16, 1996]

## 31 CFR Ch. II (7-1-02 Edition)

### § 356.17 Responsibility for payment.

A bidder agrees to pay the settlement amount for any securities awarded to it in the auction. (See § 356.25.) In addition, certain payments or provisions for payment are required at the time a tender is submitted. The specific requirements, outlined in this section, depend on whether awarded securities will be delivered in TREASURY DIRECT or TRADES.

(a) *TREASURY DIRECT.* For securities to be held in TREASURY DIRECT, payment of the par amount and announced accrued interest and/or inflation adjustment, if any, must be submitted with the tender unless other provisions have been made, such as payment by an authorized electronic means providing for immediately available funds or by charge to the funds account of a depository institution.

(1) *Payment with tender.* For bills, payment must be by cash, depository institution (cashier's or teller's) check, certified check, currently dated Treasury or fiscal agency check made payable to the bidder, or definitive Treasury securities maturing on or before the issue date of the securities being auctioned, but which are not overdue as defined in the general regulations governing United States securities (31 CFR 306.25). Also, maturing securities held in TREASURY DIRECT may be used as payment for new securities that are being offered, provided that the appropriate transaction request is received timely. For notes or bonds, payment must be in one of the forms described above for bills, or by personal check. Checks submitted to a Federal Reserve Bank must be made payable to that Bank and checks submitted to the Bureau of the Public Debt must be made payable to the Bureau of the Public Debt.

(2) *Payment by authorized electronic means.* Payment may be made by electronic means approved by the Department, provided the bidder, or the submitter on behalf of the bidder, has met the necessary conditions and has satisfactorily completed any required authorizations for such means of payment, in accordance with 31 CFR part 370.

(3) *Authorized charge to a funds account.* If a depository institution or



dealer submits a tender for a TREASURY DIRECT bidder and payment is not submitted with the tender or made by an authorized electronic means, an authorization from a depository institution to charge the institution's funds account at a Federal Reserve Bank must be on file with the Bank to which the tender was submitted.

(b) *TRADES*. For securities to be held in TRADES, payment of the par amount and announced accrued interest and/or inflation adjustment, if any, must be submitted with the tender unless other provisions have been made, such as payment by an authorized electronic means providing for immediately available funds or by charge to the funds account of a depository institution.

(1) *Payment with tender*. Where payment is submitted with the tender, payment must be by one of the means specified under paragraph (a)(1) of this section.

(2) *Payment by authorized electronic means*. Payment may be made by electronic means approved by the Department, provided the bidder, or the submitter on behalf of the bidder, has met the necessary conditions, and has satisfactorily completed any required authorizations, for such means of payment.

(3) *Authorized charge to a funds account*. Where payment is not submitted with the tender or made by an authorized electronic means, an authorization to charge the funds account of a depository institution must be provided as follows:

(i) A depository institution with a funds account submitting tenders directly to a Federal Reserve Bank may authorize the Bank to charge its funds account upon delivery of the securities.

(ii) A submitter that chooses not to pay by charge to its funds account or a submitter that does not have a funds account must, prior to the submission of a tender, have an acknowledged autocharge agreement on file at the Federal Reserve Bank to which the tender is submitted. By submitting a tender for securities to be paid for under such autocharge agreement, the submitter authorizes the Federal Reserve Bank to provide, to the depository institution whose funds account

will be charged under the agreement, notice of the total par amount of, and price to be charged for, securities awarded as a result of the submitter's tender.

(iii) In addition, a submitter that is a member of a clearing corporation may instruct that delivery and payment be made through the clearing corporation for securities awarded to the submitter for its own account, provided that the following requirements are met:

(A) The submitter must, prior to the submission of a tender for such securities, have a delivery and payment agreement with the clearing corporation acknowledged by, and on file at, the Federal Reserve Bank to which the tender is submitted. By entering into such an agreement, the submitter authorizes the Federal Reserve Bank to provide to the clearing corporation notice of the par amounts of, prices to be charged for, and total payment amounts for, securities awarded to the submitter for its own account.

(B) An autocharge agreement between the clearing corporation and the depository institution must, prior to the submission of a tender for such securities, be acknowledged by, and on file at, the Federal Reserve Bank servicing the depository institution. By entering into such an agreement, the clearing corporation authorizes the Federal Reserve Bank to which the tender is submitted to provide, to the depository institution whose funds account will be charged under the agreement, notice of the total aggregate par amount of, prices to be charged for, and total payment amounts for, securities to be delivered to the clearing corporation's designated account at the depository institution.

[58 FR 414, Jan. 5, 1993, as amended at 59 FR 28774, June 3, 1994. Redesignated at 61 FR 37010, July 16, 1996, as amended at 61 FR 54909, Oct. 22, 1996; 62 FR 852, Jan. 6, 1997; 62 FR 32032, June 12, 1997]

### Subpart C—Determination of Auction Awards; Settlement

#### § 356.20 Determination of auction awards.

(a) *Determining the range and amount of accepted competitive bids*—(1) *Accepting bids*. Determinations of awards in

auctions are made at the Bureau of the Public Debt after the closing time for receipt of bids. In determining auction awards, the Bureau of the Public Debt first accepts in full all noncompetitive bids received by the closing time specified in the offering announcement. Then competitive bids are accepted, starting with those at the lowest yields or discount rates through successively higher yields or discount rates, up to the amount required to meet the public offering. Bids at the highest accepted yield or discount rate will be prorated (as described in paragraph (a)(2) of this section), if necessary. If the amount of noncompetitive bids would absorb most or all of the public offering, competitive bids will be accepted in an amount determined by the Department to be sufficient to provide a fair determination of the yield or discount rate for the securities being auctioned.

(2) *Accepting bids at the high yield or discount rate.* When the total amount of bids at the highest accepted yield or discount rate exceeds the amount of the public offering remaining after acceptance of noncompetitive bids and competitive bids at the lower yields or discount rates, a percentage of the bids received at the highest accepted yield or discount rate will be awarded. This proration is performed for the purpose of awarding a par amount of securities close to the public offering amount. The percentage is derived by dividing the remaining par amount needed to fill the public offering by the par amount of the bids recognized at the high yield or rate and rounding up to the next whole percentage point.

(b) *Determining the interest rate for new note and bond issues.* The interest rate established as a result of the auction will be set at a 1/8 of one percent increment. For single-price auctions, the interest rate established produces the price closest to, but not above, par when evaluated at the yield awarded to successful competitive bidders. For multiple-price auctions, the interest rate established produces the price closest to, but not above, par when evaluated at the weighted-average yield of awards to successful competitive bidders.

(c) *Determining purchase prices for awarded securities.* Price calculations

will be rounded to three decimal places on the basis of price per hundred, e.g., 99.954. (See appendix B.)

(1) *Multiple-price auctions*—(i) *Competitive bids.* The price of securities awarded to competitive bidders is the price equivalent to each yield or discount rate at which their bids were accepted.

(ii) *Noncompetitive bids.* The price of securities awarded to noncompetitive bidders is the price equivalent to the weighted average yield or discount rate of accepted competitive bids.

(2) *Single-price auctions.* The price of securities awarded to both competitive and noncompetitive bidders is the price equivalent to the highest yield or discount rate at which bids were accepted. For inflation-indexed securities, the price of such securities will be the price equivalent to the highest real yield at which bids were accepted.

[58 FR 414, Jan. 5, 1993, as amended at 62 FR 852, Jan. 6, 1997; 64 FR 3634, Jan. 25, 1999]

#### § 356.21 Proration of awards.

(a) *Awards to submitters.* In auctions where bids at the highest accepted yield or discount rate are prorated under § 356.20(a)(2) of this part, the Federal Reserve Banks are responsible for prorating awards for submitters at the percentage announced by the Department. For example, if 80% is the announced percentage at the highest yield or discount rate, then each bid at that rate or yield shall be awarded 80% of the amount bid. Hence, a bid for \$100,000 at the highest accepted yield or discount rate would be awarded \$80,000. In all cases, awards will be for, at least, the minimum to hold, and awards must be in an appropriate multiple to hold. Awards at the highest accepted yield or rate are adjusted upwards, if necessary, to an appropriate multiple to hold. For example, Treasury bills may be issued with a minimum to hold of \$1,000 and multiples of \$1,000. Where an \$18,000 bid is accepted at the high discount rate, and the percent awarded at the high discount rate is 88%, the award to that bidder will be \$16,000, representing an upward adjustment from \$15,840 ( $\$18,000 \times .88$ ) to an appropriate multiple to hold. If tenders at the highest accepted discount rate are prorated at, for example, a rate of 4%, the award for a \$10,000 bid will be \$1,000, instead of

\$400, in order to meet the minimum to hold for a bill issue.

(b) *Awards to customers.* In auctions where bids at the highest accepted yield or discount rate are prorated under § 356.20(a)(2), depository institutions and dealers, whether submitters or intermediaries, are responsible for prorating awards for their customers at the same percentage as that announced by the Department. For example, if 80% is the announced percentage at the highest yield or discount rate, then each customer bid at that rate or yield shall be awarded 80%. The same prorating rules apply to customers as apply to submitters.

[58 FR 414, Jan. 5, 1993, as amended at 61 FR 37011, July 16, 1996; 64 FR 3634, Jan. 25, 1999]

#### § 356.22 Limitation on auction awards.

(a) *Awards to noncompetitive bidders.* The maximum award that will be made to any bidder is \$1 million for bills and \$5 million for notes and bonds. This does not apply to bidders bidding solely through TREASURY DIRECT reinvestment requests.

(b) *Awards to competitive bidders.* The maximum award that will be made to any bidder is 35% of the public offering less the bidder's net long position as reportable under § 356.13. For example, in a note auction with a \$10 billion public offering, a bidder with a reported net long position of \$1 billion could receive a maximum auction award of \$2.5 billion. When the bids and net long positions of more than one person or entity must be combined as required by § 356.15(c), such combined amount will be used for the purpose of this award limitation.

[58 FR 414, Jan. 5, 1993, as amended at 61 FR 37011, July 16, 1996]

#### § 356.23 Announcing auction results.

(a) After the conclusion of the auction, the Department will make an official announcement of the auction results through a press release.

(b) The press release will include such information as:

- (1) The amounts of bids recognized and accepted;
- (2) The range of accepted yields or discount rates;
- (3) The proration percentage;

(4) The interest rate for a note or bond;

(5) A breakdown of the amounts of noncompetitive and competitive bids recognized and accepted from the public;

(6) The amounts recognized and accepted from the Federal Reserve Banks for their own account and for foreign and international monetary authorities;

(7) The minimum par amount required to strip a note or bond;

(8) The bid-to-cover ratio; and

(9) Other information that the Department may decide to include.

[64 FR 3634, Jan. 25, 1999]

#### § 356.24 Notice of awards; confirmations.

(a) *Notice of awards*—(1) *Notice to submitters.* Notice of awards will be provided by a Federal Reserve Bank or the Department to submitters of successful competitive bids. Submitters of noncompetitive bids will be notified only when the price to be paid by noncompetitive bidders is over par or if noncompetitive bids are not accepted in full.

(2) *Notice to clearing corporation.* If awarded securities are to be delivered pursuant to a delivery and payment agreement, notice of the awards also will be provided by a Federal Reserve Bank or the Department to the clearing corporation that is a party to such agreement.

(b) *Confirmation of award to customer.* A submitter submitting a bid for customers is responsible for notifying its customers and intermediaries that forwarded bids to it of the awards. Similarly, an intermediary is responsible for notifying its customers and any intermediaries that forwarded bids to it of the awards.

(c) *Confirmation of award and settlement amount to a depository institution having an autocharge agreement with a submitter or a clearing corporation.* Not later than the day after each auction, the appropriate Federal Reserve Bank will notify each depository institution that has entered into an autocharge agreement with either a submitter or a clearing corporation as to the amount to be charged to the institution's funds

## § 356.25

account at the Federal Reserve Bank on the issue date.

(d) *Customer confirmation.* Any customer awarded a par amount of \$500 million or more in an auction must furnish a confirmation including the information in paragraphs (d) (1) and (2) of this section to the Federal Reserve Bank to which the bid was submitted, no later than 10:00 a.m. on the day following the auction. The confirmation must be signed by the customer or authorized representative and must include the capacity in which such representative is acting. A submitter or intermediary submitting or forwarding a customer bid is responsible for notifying its customer of this requirement if the customer is awarded a par amount of \$500 million or more as a result of bids submitted by the submitter or forwarded by the intermediary.

(1) A written confirmation of its bid, and

(2) A written statement indicating whether it had a reportable net long position as defined in §356.13, and, if a position had to be reported, the amount of any such position and the name of the depository institution or dealer through which the customer requested that the position be reported.

[58 FR 414, Jan. 5, 1993, as amended at 59 FR 28775, June 3, 1994]

## § 356.25 Payment for awarded securities.

Payment for securities is to be accomplished by the issue date. Payment will be accomplished as follows:

(a) *Payment with tender.* When payment is made with the tender as provided for in §356.17 (a)(1) and (b)(1), settlement is accomplished as follows:

(1) *When an amount is due the submitter.* When the payment previously remitted by the submitter exceeds the settlement amount, the balance will be refunded to the submitter following the auction.

(2) *When the submitter must remit an additional amount.* When the settlement amount exceeds the payment previously remitted by the submitter, the submitter will be notified of the additional amount due and is responsible for remitting it immediately. Such additional amount may be due if the auction calculations result in a premium

## 31 CFR Ch. II (7-1-02 Edition)

or if accrued interest and/or inflation adjustment is due.

(b) *Payment by authorized electronic means.* Where the method of payment is by an authorized electronic means as provided for in §356.17 (a)(2) or (b)(2), the settlement amount will be charged to the specified account on the issue date.

(c) *Payment by authorized charge to a funds account.* Where the submitter's method of payment is an authorized charge to the funds account of a depository institution as provided for in §356.17 (a)(3) or (b)(3), the settlement amount will be charged to the specified funds account on the issue date.

(d) *Amount of payment for awarded securities.* The payment amount for awarded securities will be the settlement amount as defined in §356.2. (See formulas in appendix B.)

[58 FR 414, Jan. 5, 1993, as amended at 61 FR 54910, Oct. 22, 1996; 62 FR 852, Jan. 6, 1997]

## Subpart D—Miscellaneous Provisions

### § 356.30 Payment of principal and interest on notes and bonds.

(a) *General.* Principal on notes and bonds will be paid on the maturity date as specified in the offering announcement unless the security is called pursuant to its terms and in accordance with appropriate public notice. Interest on notes and bonds accrues from the dated date. Interest is payable on a semiannual basis on the interest payment dates specified in the offering announcement through the date that the principal becomes payable. In the event any principal or interest payment date is not a business day, the amount is payable (without additional interest) on the next business day.

(b) *Treasury inflation-indexed securities.* At maturity, the inflation-adjusted principal will be paid, unless the inflation-adjusted principal is less than the par amount of the security, in which case an additional amount will be paid at maturity so that the additional amount plus the inflation-adjusted principal equals the par amount. If a security has been stripped, any such additional amount will be paid at maturity to holders of principal components only. Regardless of whether or

not an additional amount is paid, the final interest payment will be based on the inflation-adjusted principal at maturity.

[58 FR 414, Jan. 5, 1993, as amended at 62 FR 852, Jan. 6, 1997]

### § 356.31 STRIPS.

(a) *General.* A note or bond may be designated in the offering announcement, or later by announcement by Treasury, as eligible for the STRIPS program. At the option of the holder, and generally at any time from its issue date until its call or maturity, any such security may be "stripped," i.e., divided into separate principal and interest components. A short or long first interest payment and all interest payments within a callable period are not eligible to be stripped from the principal component. The CUSIP numbers and payment dates for the principal and interest components are provided in the offering announcement if not previously announced.

(b) *Treasury fixed-principal securities—*  
(1) *Minimum par amounts required for STRIPS.* The minimum par amount of a fixed-principal security that may be stripped into the components described in paragraph (a) of this section is \$1,000. Any par amount to be stripped above \$1,000 must be in a multiple of \$1,000.

(2) *Principal components.* Principal components stripped from fixed-principal securities are maintained in accounts, and transferred, at their par amount. The principal components have a CUSIP number that is different from the CUSIP number of the fully-constituted (unstripped) security.

(3) *Interest components.* Interest components stripped from fixed-principal securities are maintained in accounts, and transferred, at their original payment value, which is derived by applying the semiannual interest rate to the par amount. When an interest component is created, the interest payment date becomes the maturity date for the component. All such components with the same maturity date have the same CUSIP number, regardless of the underlying security from which the interest payments were stripped. All interest components have CUSIP numbers that are different from the CUSIP

number of any fully-constituted security and any principal component.

(c) *Treasury inflation-indexed securities—*(1) *Minimum par amounts required for STRIPS.* The minimum par amount of an inflation-indexed security that may be stripped into the components described in paragraph (a) of this section is \$1,000. Any par amount to be stripped above \$1,000 must be in a multiple of \$1,000.

(2) *Principal components.* Principal components stripped from inflation-indexed securities are maintained in accounts, and transferred, at their par amount. At maturity, the holder will receive the inflation-adjusted principal value or the par amount, whichever is greater. (See §356.30.) The principal components have a CUSIP number that is different from the CUSIP number of the fully-constituted (unstripped) security.

(3) *Interest components.* Interest components stripped from inflation-indexed securities are maintained in accounts, and transferred, at their adjusted value, which is derived by multiplying the semiannual interest rate by the par amount and then multiplying this value by 100 divided by the Reference CPI of the original issue date (or dated date, when the dated date is different from the original issue date). See Appendix B, Section IV to this part, for an example of how to calculate an adjusted value. The payment value of any interest component created prior to March 31, 1999, will be converted to its adjusted value. When an interest component is created, the interest payment date becomes the maturity date for the component. All such components with the same maturity date have the same CUSIP number, regardless of the underlying security from which the interest payments were stripped. The CUSIP number of any interest component created prior to March 31, 1999, will be converted to the fungible CUSIP number for the same maturity date. All interest components have CUSIP numbers that are different from the CUSIP number of any fully-constituted security and any principal component. At maturity, the payment to the holder will be derived by multiplying the adjusted value of the interest component by the Reference CPI of

### § 356.32

the maturity date, divided by 100. See Appendix B, Section IV to this part, for an example of how to calculate an actual payment amount from an adjusted value.

(4) *Rebasing of the CPI.* In the event that the CPI is rebased, the adjusted values of all outstanding inflation-indexed interest components will be converted to adjusted values based on the new base reference period. At such time, Treasury will publish information specifying the manner in which this conversion will be accomplished. Subsequent to rebasing, any TINTS created from a security that was issued during a prior base reference period will be issued with adjusted values calculated using reference CPIs under the most-recent base reference period.

(d) *Reconstituting a security.* Stripped interest and principal components may be reconstituted, i.e., restored to their fully-constituted form. A principal component and all related unmatured interest components, in the appropriate minimum or multiple amounts or adjusted values, must be submitted together for reconstitution. Interest components stripped from inflation-indexed securities are different from interest components stripped from fixed-principal securities and, accordingly, are not interchangeable for reconstitution purposes.

(e) *Applicable regulations.* Unless otherwise provided in this part, notes and bonds stripped into their STRIPS components are governed by subparts A, B, and D of part 357 of this chapter.

[63 FR 35783, June 30, 1998, as amended at 65 FR 66175, Nov. 3, 2000; 65 FR 66175, Nov. 3, 2000]

### § 356.32 Taxation.

(a) *General.* Securities issued under this part are subject to all applicable taxes imposed under the Internal Revenue Code of 1986, or successor. Under section 3124 of title 31, United States Code, the securities are exempt from taxation by a State or political subdivision of a State, except for State estate or inheritance taxes and other exceptions as provided in that section.

(b) *Treasury inflation-indexed securities.* Special federal income tax rules for inflation-indexed securities, and principal and interest components

### 31 CFR Ch. II (7-1-02 Edition)

stripped from such securities, are set forth in Internal Revenue Service regulations.

[62 FR 853, Jan. 6, 1997]

### § 356.33 Reservation of rights.

The Secretary reserves the right to accept or reject or refuse to recognize any or all bids or tenders submitted under this part. The Secretary also reserves the right to award more or less securities than the amount of securities specified in the offering announcement. The Secretary further reserves the right to waive any provision or provisions of this part for any or all bidders or submitters. Decisions of the Secretary under this section shall be final.

### § 356.34 Remedies.

(a) *General.* When a person or an entity fails to comply with the requirements of this part, the Secretary will consider the circumstances of such failure and determine an appropriate remedy. Such remedy may include prohibiting the person or entity from participating in future auctions for its own account, for the account of others, or both. The Secretary may refer such occurrences to the appropriate regulatory agency for enforcement action.

(b) *Liquidated damages.* A bidder agrees to pay liquidated damages of 1% of the par amount of securities awarded the bidder in an auction if the bidder fails to pay for the awarded securities in a timely manner. The Secretary may waive, in whole or in part, the payment of liquidated damages. This liquidated damages provision shall not preclude the use of any other available remedy.

### § 356.35 Reservations as to terms of offerings.

The Secretary reserves the right to supplement or amend provisions of this part. The Secretary further reserves the right to modify the terms and conditions of new securities and to depart from the customary pattern of securities offerings at any time. Public notice of any such changes will be provided.

**§ 356.36 Paperwork Reduction Act approval.**

The collections of information contained in §§ 356.11, 356.12, 356.13, 356.14, and 356.15 and in appendix A of this part have been approved by the Office of Management and Budget under control number 1535-0112.

[61 FR 37011, July 16, 1996]

APPENDIX A TO PART 356—BIDDER  
DEFINITIONS

For the purpose of this part, the definitions set forth in this appendix describe all of the categories of bidders eligible to bid in Treasury auctions. These definitions are to be used by persons and entities in determining whether they are considered one bidder or more than one bidder for the purpose of bidding in auctions and for the purpose of complying with the requirements of this part. Notwithstanding these definitions, any persons or entities that intentionally act together with respect to bidding in a Treasury auction are considered, collectively, to be one bidder.

The following definitions will be used by the Department in applying competitive and noncompetitive award limitations and related requirements, as described in this part.

(a) *Corporation*—A corporation and all affiliates, whether persons, partnerships, or other entities, hereinafter referred to as a corporate structure, are considered, collectively, to be one bidder.

An affiliate is any: entity that is more than 50% owned, directly or indirectly, by the corporation; entity that is more than 50% owned, directly or indirectly, by any other affiliate of the corporation; person or entity that owns, directly or indirectly, more than 50% of the corporation; person or entity that owns, directly or indirectly, more than 50% of any other affiliate of the corporation; or entity, a majority of whose board of directors or a majority of whose general partners are directors or officers of the corporation or of any affiliate of the corporation.

For the purpose of this part, a business trust, such as a Massachusetts business trust or a Delaware business trust, is considered to be a corporation.

Under certain circumstances, one or more major organizational components (e.g., the parent or a subsidiary) in a corporate structure, either separately or together with one or more other organizational components in the corporate structure, may be recognized as a bidder separate from the larger corporate structure. All of the following criteria must be met for such component or components to qualify for recognition as a separate bidder:

(1) Such component or components must be prohibited by law or regulation from exchanging, or must have established written internal procedures (i.e., Chinese walls) designed to prevent the exchange of, information related to bidding in Treasury auctions with any other component in the corporate structure;

(2) Such component or components must not be created for the purpose of circumventing the Department's bidding and award limitations;

(3) Decisions related to purchasing Treasury securities at auction and participation in specific auctions must be made by employees of such component or components. Employees of such component or components that make decisions to purchase or dispose of Treasury securities must not perform the same function for other components within the corporate structure; and

(4) The records of such component or components related to the bidding for, acquisition of, and disposition of Treasury securities must be maintained by such component or components. Those records must be identifiable—separate and apart from similar records for other components within the corporate structure.

To obtain recognition as a separate bidder, each component or group of components must request such recognition from the Department, provide a description of the component or group and its position within the corporate structure, and provide the following certification:

[Name of the bidder] hereby certifies that to the best of its knowledge and belief it meets the criteria for a separate bidder as described in appendix A to 31 CFR part 356. The above-named bidder also certifies that it has established written policies or procedures, including ongoing compliance monitoring processes, that are designed to prevent the component or group of components from:

(1) Exchanging any of the following information with any other part of the corporate structure: (a) Yields or rates at which it plans to bid; (b) amounts of securities for which it plans to bid; (c) positions that it holds or plans to acquire in a security being auctioned; and (d) investment strategies that it plans to follow regarding the security being auctioned, or

(2) In any way intentionally acting together with any other part of the corporate structure with respect to formulating or entering bids in a Treasury auction.

The above-named bidder agrees that it will promptly notify the Department in writing when any of the information provided to obtain separate bidder status changes or when this certification is no longer valid.

(b) *Partnership*—A partnership for which the Internal Revenue Service has assigned a

tax-identification number; general partners acting on behalf of the partnership; and all affiliates, whether persons, corporations, or other entities; hereinafter referred to as a partnership structure, are considered, collectively, to be one bidder. A partnership structure that contains one or more corporations is considered one bidder under either this "partnership" category or the "corporation" category, but not both.

An affiliate is any: Entity that is more than 50% owned, directly or indirectly, by the partnership; entity that is more than 50% owned, directly or indirectly, by any other affiliate of the partnership; person or entity that owns, directly or indirectly, more than 50% of the partnership; person or entity that owns, directly or indirectly, more than 50% of any other affiliate of the partnership; or entity, a majority of whose general partners or a majority of whose board of directors are general partners or directors of the partnership or of any affiliate of the partnership.

Under certain circumstances, one or more major organizational components (e.g., the partnership or a subsidiary) in a partnership structure, either separately or together with one or more other organizational components in the partnership structure, may be recognized as a bidder separate from the larger partnership structure. All of the following criteria must be met for such component or components to qualify for recognition as a separate bidder:

(1) Such component or components must be prohibited by law or regulation from exchanging, or must have established written internal procedures (i.e., Chinese walls) designed to prevent the exchange of, information related to bidding in Treasury auctions with any other component in the partnership structure;

(2) Such component or components must not be created for the purpose of circumventing the Department's bidding and award limitations;

(3) Decisions related to purchasing Treasury securities at auction and participation in specific auctions must be made by employees of such component or components. Employees of such component or components that make decisions to purchase or dispose of Treasury securities must not perform the same function for other components within the partnership structure; and

(4) The records of such component or components related to the bidding for, acquisition of, and disposition of Treasury securities must be maintained by such component or components. Those records must be identifiable—separate and apart from similar records for other components within the partnership structure.

To obtain recognition as a separate bidder, each component or group of components must request such recognition from the De-

partment, provide a description of the component or group and its position within the partnership structure, and provide the following certification:

[Name of the bidder] hereby certifies that to the best of its knowledge and belief it meets the criteria for a separate bidder as described in appendix A to 31 CFR part 356. The above-named bidder also certifies that it has established written policies or procedures, including ongoing compliance monitoring processes, that are designed to prevent the component or group of components from:

(1) Exchanging any of the following information with any other part of the partnership structure: (a) Yields or rates at which it plans to bid; (b) amounts of securities for which it plans to bid; (c) positions that it holds or plans to acquire in a security being auctioned; and (d) investment strategies that it plans to follow regarding the security being auctioned, or

(2) In any way intentionally acting together with any other part of the partnership structure with respect to formulating or entering bids in a Treasury auction.

The above-named bidder agrees that it will promptly notify the Department in writing when any of the information provided to obtain separate bidder status changes or when this certification is no longer valid.

(c) *Government-related entity*—(1) The government of each of the 50 states and of the District of Columbia is considered to be one bidder.

(2) A unit of local government, including any county, city, municipality, or township, or other unit of general government, as defined by the Bureau of the Census for statistical purposes, is considered to be one bidder.

(3) The government of a commonwealth, territory, or possession of the United States is considered to be one bidder.

(4) A governmental entity, body, or corporation established under Federal, State, or local law is considered to be one bidder.

(5) A foreign central bank, the government of a foreign state, or an international organization in which the United States holds membership is considered to be one bidder.

An investment, reserve, or other fund of one of the above government-related entities, not otherwise meeting the definition of the "trust or other fiduciary estate" category, is considered part of that entity and not a separate bidder unless applicable law requires that the investments of such fund be made separately.

(d) *Trust or other fiduciary estate*— A legal entity created under a valid trust instrument, court order, or other legal authority that designates a trustee or fiduciary to act for the benefit of a named beneficiary may be considered a bidder. To be considered a bidder, such legal entity must be able to be



identified by the name or title of the trustee or fiduciary; specific reference to the trust instrument, court order, or legal authority under which the trustee or fiduciary is acting; and the unique IRS-assigned employer identification number (not social security number) for the entity. Further, it must be the trustee or fiduciary who makes the decisions related to participation in auctions on behalf of the trust or fiduciary estate.

(e) *Individual*—A person, whether acting in his or her individual capacity, as a sole proprietor, for any entity not otherwise defined as a bidder, or in more than one such capacity, is considered to be one bidder. When a person meets the definition of an affiliate within a corporate or partnership structure as defined above, such person may only be considered a bidder in this “individual” category when the bidder of which they are a part is not bidding in the same auction. A person acting in an official capacity as an employee or other representative of a bidder defined in any other category is not considered an “individual” bidder when acting in such capacity. A person, his or her spouse, and any children under the age of 21 having a common household are considered, collectively, to be one “individual” bidder.

(f) *Other bidder*—A bidder defined by any of the above categories is not considered a bidder in this category. A bidder not defined by any of the above categories may possibly be considered a bidder in this category. For purposes of this definition, “other bidder” means an institution or organization with a unique IRS-assigned employer identification number. This definition of other bidder includes such entities as an association, church, university, union, or club. This category does not include any person or entity acting in a fiduciary or investment management capacity, a sole proprietorship, an investment account, an investment fund, a form of registration, or investment ownership designation.

Notwithstanding the definitions in this appendix, it is the intent of the Department that no auction participant receive a larger auction award by acquiring securities through others than it could have received had it been considered a bidder under these definitions.

[58 FR 414, Jan. 5, 1993, as amended at 61 FR 37011, July 16, 1996]

#### APPENDIX B TO PART 356—FORMULAS AND TABLES

I. Computation of Interest on Treasury Bonds and Notes.

II. Formulas for Conversion of Fixed-Principal Security Yields to Equivalent Prices.

III. Formulas for Conversion of Inflation-Indexed Security Yields to Equivalent Prices.

IV. Computation of Adjusted Values and Payment Amounts for Stripped Inflation-Indexed Interest Components.

V. Computation of Purchase Price, Discount Rate, and Investment Rate (Coupon-Equivalent Yield) for Treasury Bills.

The numbers in this appendix are examples given for illustrative purposes only and are in no way a prediction of interest rates on any bills, notes, or bonds issued under this part.

In some of the following examples, intermediate rounding is used to allow the reader to follow the calculations. In actual practice, the Department generally does not round prior to determining the final result.

#### I. COMPUTATION OF INTEREST ON TREASURY BONDS AND NOTES

##### A. Treasury Fixed-Principal Securities

##### 1. Regular Half-Year Payment Period

Interest on marketable fixed-principal securities is payable on a semiannual basis. The regular interest payment period is a full half-year of six calendar months. Examples of half-year periods are: (1) February 15 to August 15, (2) May 31 to November 30, and (3) February 29 to August 31 (in a leap year). Calculation of an interest payment for a fixed-principal security with a par amount of \$1,000 and an interest rate of 8% is made in this manner:

$(\$1,000 \times .08)/2 = \$40$ . Specifically, a semiannual interest payment represents one-half of one year's interest, and is computed on this basis regardless of the actual number of days in the half-year.

##### 2. Daily Interest Decimal

In cases where an interest payment period for a fixed-principal security is shorter or longer than six months or where accrued interest is payable by an investor, a daily interest decimal, based on the actual number of days in the half-year or half-years involved, must be computed. The number of days in any half-year period is shown in Table 1.

TABLE 1

Interest period	Beginning and ending days are 1st or 15th of the months listed under interest period (number of days)		Beginning and ending days are the last days of the months listed under interest period (number of days)	
	Regular year	Leap year	Regular year	Leap year
January to July .....	181	182	181	182
February to August .....	181	182	184	184
March to September .....	184	184	183	183
April to October .....	183	183	184	184
May to November .....	184	184	183	183
June to December .....	183	183	184	184
July to January .....	184	184	184	184
August to February .....	184	184	181	182
September to March .....	181	182	182	183
October to April .....	182	183	181	182
November to May .....	181	182	182	183
December to June .....	182	183	181	182

Table 2 below sets forth the daily interest decimals covering interest from 1/8% to 20% on \$1,000 for one day in increments of 1/8 of one percent. These decimals represent 1/181, 1/182, 1/183, or 1/184 of a full semiannual interest payment, depending on which half-year is applicable.

TABLE 2—DECIMAL FOR ONE DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE TABLE 1)

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
1/8 .....	0.003396739	0.003415301	0.003434066	0.003453039
1/4 .....	0.006793478	0.006830601	0.006868132	0.006906077
3/8 .....	0.010190217	0.010245902	0.010302198	0.010359116
1/2 .....	0.013586957	0.013661202	0.013736264	0.013812155
5/8 .....	0.016983696	0.017076503	0.017170330	0.017265193
3/4 .....	0.020380435	0.020491803	0.020604396	0.020718232
7/8 .....	0.023777174	0.023907104	0.024038462	0.024171271
1 .....	0.027173913	0.027322404	0.027472527	0.027624309
1 1/8 .....	0.030570652	0.030737705	0.030906593	0.031077348
1 1/4 .....	0.033967391	0.034153005	0.034340659	0.034530387
1 3/8 .....	0.037364130	0.037568306	0.037774725	0.037983425
1 1/2 .....	0.040760870	0.040983607	0.041208791	0.041436464
1 5/8 .....	0.044157609	0.044398907	0.044642857	0.044889503
1 3/4 .....	0.047554348	0.047814208	0.048076923	0.048342541
1 7/8 .....	0.050951087	0.051229508	0.051510989	0.051795580
2 .....	0.054347826	0.054644809	0.054945055	0.055248619
2 1/8 .....	0.057744565	0.058060109	0.058379121	0.058701657
2 1/4 .....	0.061141304	0.061475410	0.061813187	0.062154696
2 3/8 .....	0.064538043	0.064890710	0.065247253	0.065607735
2 1/2 .....	0.067934783	0.068306011	0.068681319	0.069060773
2 5/8 .....	0.071331522	0.071721311	0.072115385	0.072513812
2 3/4 .....	0.074728261	0.075136612	0.075549451	0.075966851
2 7/8 .....	0.078125000	0.078551913	0.078983516	0.079419890
3 .....	0.081521739	0.081967213	0.082417582	0.082872928
3 1/8 .....	0.084918478	0.085382514	0.085851648	0.086325967
3 1/4 .....	0.088315217	0.088797814	0.089285714	0.089779006
3 3/8 .....	0.091711957	0.092213115	0.092719780	0.093232044
3 1/2 .....	0.095108696	0.095628415	0.096153846	0.096685083
3 5/8 .....	0.098505435	0.099043716	0.099587912	0.100138122
3 3/4 .....	0.101902174	0.102459016	0.103021978	0.103591160
3 7/8 .....	0.105298913	0.105874317	0.106456044	0.107044199
4 .....	0.108695652	0.109289617	0.109890110	0.110497238
4 1/8 .....	0.112092391	0.112704918	0.113324176	0.113950276
4 1/4 .....	0.115489130	0.116120219	0.116758242	0.117403315
4 3/8 .....	0.118885870	0.119535519	0.120192308	0.120856354
4 1/2 .....	0.122282609	0.122950820	0.123626374	0.124309392
4 5/8 .....	0.125679348	0.126366120	0.127060440	0.127762431
4 3/4 .....	0.129076087	0.129781421	0.130494505	0.131215470
4 7/8 .....	0.132472826	0.133196721	0.133928571	0.134668508
5 .....	0.135869565	0.136612022	0.137362637	0.138121547
5 1/8 .....	0.139266304	0.140027322	0.140796703	0.141574586
5 1/4 .....	0.142663043	0.143442623	0.144230769	0.145027624
5 3/8 .....	0.146059783	0.146857923	0.147664835	0.148480663
5 1/2 .....	0.149456522	0.150273224	0.151098901	0.151933702
5 5/8 .....	0.152853261	0.153688525	0.154532967	0.155386740

TABLE 2—DECIMAL FOR ONE DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE TABLE 1)—Continued

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
5¾	0.156250000	0.157103825	0.157967033	0.158839779
5⅞	0.159646739	0.160519126	0.161401099	0.162292818
6	0.163043478	0.163934426	0.164835165	0.165745856
6⅛	0.166440217	0.167349727	0.168269231	0.169198895
6¼	0.169836957	0.170765027	0.171703297	0.172651934
6⅝	0.173233696	0.174180328	0.175137363	0.176104972
6½	0.176630435	0.177595628	0.178571429	0.179558011
6⅞	0.180027174	0.181010929	0.182005495	0.183011050
6¾	0.183423913	0.184426230	0.185439560	0.186464088
6⅞	0.186820652	0.187841530	0.188873626	0.189917127
7	0.190217391	0.191256831	0.192307692	0.193370166
7⅛	0.193614130	0.194672131	0.195741758	0.196823204
7¼	0.197010870	0.198087432	0.199175824	0.200276243
7⅝	0.200407609	0.201502732	0.202609890	0.203729282
7½	0.203804348	0.204918033	0.206043956	0.207182320
7⅞	0.207201087	0.208333333	0.209478022	0.210635359
7¾	0.210597826	0.211748634	0.212912088	0.214088398
7⅞	0.213994565	0.215163934	0.216346154	0.217541436
8	0.217391304	0.218579235	0.219780220	0.220994475
8⅛	0.220788043	0.221994536	0.223214286	0.224447514
8¼	0.224184783	0.225409836	0.226648352	0.227900552
8⅝	0.227581522	0.228825137	0.230082418	0.231353591
8½	0.230978261	0.232240437	0.233516484	0.234806630
8⅞	0.234375000	0.235655738	0.236950549	0.238259669
8¾	0.237771739	0.239071038	0.240384615	0.241712707
8⅞	0.241168478	0.242486339	0.243818681	0.245165746
9	0.244565217	0.245901639	0.247252747	0.248618785
9⅛	0.247961957	0.249316940	0.250686813	0.252071823
9¼	0.251358696	0.252732240	0.254120879	0.255524862
9⅝	0.254755435	0.256147541	0.257554945	0.258977901
9½	0.258152174	0.259562842	0.260989011	0.262430939
9⅞	0.261548913	0.262978142	0.264423077	0.265883978
9¾	0.264945652	0.266393443	0.267857143	0.269337017
9⅞	0.268342391	0.269808743	0.271291209	0.272790055
10	0.271739130	0.273224044	0.274725275	0.276243094
10⅛	0.275135870	0.276639344	0.278159341	0.279696133
10¼	0.278532609	0.280054645	0.281593407	0.283149171
10⅝	0.281929348	0.283469945	0.285027473	0.286602210
10½	0.285326087	0.286885246	0.288461538	0.290055249
10⅞	0.288722826	0.290300546	0.291895604	0.293508287
10¾	0.292119565	0.293715847	0.295329670	0.296961326
10⅞	0.295516304	0.297131148	0.298763736	0.300414365
11	0.298913043	0.300546448	0.302197802	0.303867403
11⅛	0.302309783	0.303961749	0.305631868	0.307320442
11¼	0.305706522	0.307377049	0.309065934	0.310773481
11⅝	0.309103261	0.310792350	0.312500000	0.314226519
11½	0.312500000	0.314207650	0.315934066	0.317679558
11⅞	0.315896739	0.317622951	0.319368132	0.321132597
11¾	0.319293478	0.321038251	0.322802198	0.324585635
11⅞	0.322690217	0.324453552	0.326236264	0.328038674
12	0.326086957	0.327868852	0.329670330	0.331491713
12⅛	0.329483696	0.331284153	0.333104396	0.334944751
12¼	0.332880435	0.334699454	0.336538462	0.338397790
12⅝	0.336277174	0.338114754	0.339972527	0.341850829
12½	0.339673913	0.341530055	0.343406593	0.345303867
12⅞	0.343070652	0.344945355	0.346840659	0.348756906
12¾	0.346467391	0.348360656	0.350274725	0.352209945
12⅞	0.349864130	0.351775956	0.353708791	0.355662983
13	0.353260870	0.355191257	0.357142857	0.359116022
13⅛	0.356657609	0.358606557	0.360576923	0.362569061
13¼	0.360054348	0.362021858	0.364010989	0.366022099
13⅝	0.363451087	0.365437158	0.367445055	0.369475138
13½	0.366847826	0.368852459	0.370879121	0.372928177
13⅞	0.370244565	0.372267760	0.374313187	0.376381215
13¾	0.373641304	0.375683060	0.377747253	0.379834254
13⅞	0.377038043	0.379098361	0.381181319	0.383287293
14	0.380434783	0.382513661	0.384615385	0.386740331
14⅛	0.383831522	0.385928962	0.388049451	0.390193370
14¼	0.387228261	0.389344262	0.391483516	0.393646409

TABLE 2—DECIMAL FOR ONE DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE TABLE 1)—Continued

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
14 3/8	0.390625000	0.392759563	0.394917582	0.397099448
14 1/2	0.394021739	0.396174863	0.398351648	0.400552486
14 5/8	0.397418478	0.399590164	0.401785714	0.404005525
14 3/4	0.400815217	0.403005464	0.405219780	0.407458564
14 7/8	0.404211957	0.406420765	0.408653846	0.410911602
15	0.407608696	0.409836066	0.412087912	0.414364641
15 1/8	0.411005435	0.413251366	0.415521978	0.417817680
15 1/4	0.414402174	0.416666667	0.418956044	0.421270718
15 3/8	0.417798913	0.420081967	0.422390110	0.424723757
15 1/2	0.421195652	0.423497268	0.425824176	0.428176796
15 5/8	0.424592391	0.426912568	0.429258242	0.431629834
15 3/4	0.427989130	0.430327869	0.432692308	0.435082873
15 7/8	0.431385870	0.433743169	0.436126374	0.438535912
16	0.434782609	0.437158470	0.439560440	0.441988950
16 1/8	0.438179348	0.440573770	0.442994505	0.445441989
16 1/4	0.441576087	0.443989071	0.446428571	0.448895028
16 3/8	0.444972826	0.447404372	0.449862637	0.452348066
16 1/2	0.448369565	0.450819672	0.453296703	0.455801105
16 5/8	0.451766304	0.454234973	0.456730769	0.459254144
16 3/4	0.455163043	0.457650273	0.460164835	0.462707182
16 7/8	0.458559783	0.461065574	0.463598901	0.466160221
17	0.461956522	0.464480874	0.467032967	0.469613260
17 1/8	0.465353261	0.467896175	0.470467033	0.473066298
17 1/4	0.468750000	0.471311475	0.473901099	0.476519337
17 3/8	0.472146739	0.474726776	0.477335165	0.479972376
17 1/2	0.475543478	0.478142077	0.480769231	0.483425414
17 5/8	0.478940217	0.481557377	0.484203297	0.486878453
17 3/4	0.482336957	0.484972678	0.487637363	0.490331492
17 7/8	0.485733696	0.488387978	0.491071429	0.493784530
18	0.489130435	0.491803279	0.494505495	0.497237569
18 1/8	0.492527174	0.495218579	0.497939560	0.500690608
18 1/4	0.495923913	0.498633880	0.501373626	0.504143646
18 3/8	0.499320652	0.502049180	0.504807692	0.507596685
18 1/2	0.502717391	0.505464481	0.508241758	0.511049724
18 5/8	0.506114130	0.508879781	0.511675824	0.514502762
18 3/4	0.509510870	0.512295082	0.515109890	0.517955801
18 7/8	0.512907609	0.515710383	0.518543956	0.521408840
19	0.516304348	0.519125683	0.521978022	0.524861878
19 1/8	0.519701087	0.522540984	0.525412088	0.528314917
19 1/4	0.523097826	0.525956284	0.528846154	0.531767956
19 3/8	0.526494565	0.529371585	0.532280220	0.535220994
19 1/2	0.529891304	0.532786885	0.535714286	0.538674033
19 5/8	0.533288043	0.536202186	0.539148352	0.542127072
19 3/4	0.536684783	0.539617486	0.542582418	0.545580110
19 7/8	0.540081522	0.543032787	0.546016484	0.549033149
20	0.543478261	0.546448087	0.549450549	0.552486188

3. Short First Payment Period

In cases where the first interest payment period for a fixed-principal security covers less than a full half-year period (a "short coupon"), the daily interest decimal is multiplied by the number of days from, but not including, the issue date to, and including, the first interest payment date, resulting in the amount of the interest payable per \$1,000 par amount. In cases where the par amount of securities is greater than \$1,000, the appropriate multiple should be multiplied by the unrounded interest payment amount for \$1,000 par amount.

*Example.* A 2-year fixed-principal note paying 8 3/8% interest was issued on July 2, 1990, with the first interest payment on December 31, 1990. The number of days in the full half-year period of June 30 to December 31, 1990, was 184 (see Table 1). The number of days for which interest actually accrued was 182 (not including July 2, but including December 31). The daily interest decimal, \$0.227581522 (see Table 2, line for 8 3/8%, under the column for half-year of 184 days), was multiplied by 182, resulting in a payment of \$41.419837004 per \$1,000. Because the note was issued in a minimum denomination of \$5,000, \$41.419837004 was multiplied by 5, resulting in a payment of \$207.099185020, or \$207.10, for a \$5,000 note.

For \$20,000 of these notes, \$41.419837004 would be multiplied by 20, resulting in a payment of \$828.39674008 (\$828.40).

4. Long First Payment Period

In cases where the first interest payment period for a fixed-principal security covers more than a full half-year period (a "long coupon"), the daily interest decimal is multiplied by the number of days from, but not including, the issue date to, and including, the last day of the fractional period that ends one full half-year before the interest payment date. That amount is added to the regular interest amount for the full half-year ending on the first interest payment date, resulting in the amount of interest payable for \$1,000 par amount. In cases where the par amount of securities is greater than \$1,000, the appropriate multiple should be applied to the unrounded interest payment amount for \$1,000 par amount.

*Example.* A 5-year 2-month fixed-principal note paying 7% interest was issued on December 3, 1990, with the first interest payment due on August 15, 1991. Interest for the regular half-year portion of the payment was computed to be \$39.375 per \$1,000 par amount. The fractional portion of the payment, from December 3 to February 15, fell in a 184-day half-year (August 15, 1990, to February 15, 1991). Accordingly, the daily interest decimal for 7% was \$0.213994565. This decimal, multiplied by 74 (the number of days from but not including December 3, 1990, to and including February 15), resulted in interest for the fractional portion of \$15.835597810. When added to \$39.375 (the normal interest payment portion ending on August 15, 1991), this produced a first interest payment of \$55.210597810, or \$55.21 per \$1,000 par amount. For \$7,000 par amount of these notes, \$55.210597810 would be multiplied by 7, resulting in an interest payment of \$386.474184670 (\$386.47).

B. Treasury Inflation-Indexed Securities

1. Indexing Process

Interest on marketable Treasury inflation-indexed securities is payable on a semi-

annual basis. The inflation-indexed securities are issued with a stated rate of interest which remains constant for the term of the particular security. Interest payments are based on the security's inflation-adjusted principal at the time interest is paid. This adjustment is made by multiplying the par amount of the security by the applicable Index Ratio.

2. Index Ratio

The numerator of the Index Ratio, the Ref CPI<sub>Date</sub>, is the index number applicable for a specific day, and the denominator of the Index Ratio is the Ref CPI applicable for the original issue date. However, when the dated date is different from the original issue date, the denominator is the Ref CPI applicable for the dated date. The formula for calculating the Index Ratio is:

$$\text{Index Ratio}_{\text{Date}} = \frac{\text{Ref CPI}_{\text{Date}}}{\text{Ref CPI}_{\text{Issue Date}}}$$

Where Date = valuation date

3. Reference CPI

The Ref CPI for the first day of any calendar month is the CPI for the third preceding calendar month. For example, the Ref CPI applicable to April 1 in any year is the CPI for January, which is reported in February. The Ref CPI for any other day of a month is determined by a linear interpolation between the Ref CPI applicable to the first day of the month in which such day falls (in the example, January) and the Ref CPI applicable to the first day of the next month (in the example, February). For purposes of interpolation, calculations with regard to the Ref CPI and the Index Ratio for a specific date will be truncated to six decimal places and rounded to five decimal places such that the Ref CPI and the Index Ratio for that date will be expressed to five decimal places. The formula for the Ref CPI for a specific date is:

$$\text{Ref CPI}_{\text{Date}} = \text{Ref CPI}_M + \frac{t-1}{D} [\text{Ref CPI}_{M+1} - \text{Ref CPI}_M]$$

Where Date = valuation date  
 D = the number of days in the month in which Date falls  
 t = the calendar day corresponding to Date  
 CPI<sub>M</sub> = CPI reported for the calendar month M by the Bureau of Labor Statistics

Ref CPI<sub>M</sub> = Ref CPI for the first day of the calendar month in which Date falls, e.g., Ref CPI<sub>April 1</sub> is the CPI<sub>January</sub>  
 Ref CPI<sub>M-1</sub> = Ref CPI for the first day of the calendar month immediately following Date

For example, the Ref CPI for April 15, 1996 is calculated as follows:

$$\text{Ref CPI}_{\text{April 15, 1996}} = \text{Ref CPI}_{\text{April 1, 1996}} + \frac{14}{30} \left[ \text{Ref CPI}_{\text{May 1, 1996}} - \text{Ref CPI}_{\text{April 1, 1996}} \right]$$

Where Date = 30, t = 15  
 Ref CPI<sub>April 1, 1996</sub> = 154.40, the non-seasonally adjusted CPI-U for January 1996.

Ref CPI<sub>May 1, 1996</sub> = 154.90, the non-seasonally adjusted CPI-U for February 1996.

Putting these values in the equation above:

$$\text{Ref CPI}_{\text{April 15, 1996}} = 154.40 + \frac{14}{30} [154.90 - 154.40] \text{ Ref CPI}_{\text{April 15, 1996}} = 154.633333333$$

This value truncated to six decimals is 154.633333; rounded to five decimals it is 154.63333.

To calculate the Index Ratio for April 16, 1996, for an inflation-indexed security issued on April 15, 1996, the Ref CPI<sub>April 16, 1996</sub> must first be calculated. Using the same values in the equation above except that t=16, the Ref CPI<sub>April 16, 1996</sub> is 154.65000.

The Index Ratio for April 16, 1996 is:

$$\text{Index Ratio}_{\text{April 16, 1996}} = 154.65000/154.63333 = 1.000107803.$$

This value truncated to six decimals is 1.000107; rounded to five decimals it is 1.00011.

#### 4. Index Contingencies

If a previously reported CPI is revised, Treasury will continue to use the previously reported CPI in calculating the principal value and interest payments.

If the CPI is rebased to a different year, Treasury will continue to use the CPI based on the base reference period in effect when the security was first issued, as long as that CPI continues to be published.

If, while an inflation-indexed security is outstanding, the applicable CPI is: (1) discontinued, (2) in the judgment of the Secretary, fundamentally altered in a manner materially adverse to the interests of an investor in the security, or (3) in the judgment of the Secretary, altered by legislation or Executive Order in a manner materially adverse to the interests of an investor in the security, Treasury, after consulting with the Bureau of Labor Statistics, or any successor agency, will substitute an appropriate alternative index. Treasury will then notify the public of the substitute index and how it will be applied. Determinations of the Secretary in this regard will be final.

If the CPI for a particular month is not reported by the last day of the following month, the Treasury will announce an index

number based on the last twelve-month change in the CPI available. Any calculations of the Treasury's payment obligations on the inflation-indexed security that rely on that month's CPI will be based on the index number that the Treasury has announced. For example, if the CPI for month M is not reported timely, the formula for calculating the index number to be used is:

$$\text{CPI}_M = \text{CPI}_{M-1} \times \left[ \frac{\text{CPI}_{M-1}}{\text{CPI}_{M-12}} \right]^{\frac{1}{12}}$$

Generalizing for the last reported CPI issued N months prior to month M:

$$\text{CPI}_M = \text{CPI}_{M-N} \times \left[ \frac{\text{CPI}_{M-N}}{\text{CPI}_{M-N-12}} \right]^{\frac{N}{12}}$$

If it is necessary to use these formulas to calculate an index number, it will be used for all subsequent calculations that rely on that month's index number and will not be replaced by the actual CPI when it is reported, except for use in the above formulas. When it becomes necessary to use the above formulas to derive an index number, the last CPI that has been reported will be used to calculate CPI numbers for months for which the CPI has not been reported timely.

#### 5. Computation of Interest for a Regular Half-Year Payment Period

Interest on marketable Treasury inflation-indexed securities is payable on a semi-annual basis. The regular interest payment period is a full half-year or six calendar months. Examples of half-year periods are January 15 to July 15, and April 15 to October 15. An interest payment will be a fixed

percentage of the value of the inflation-adjusted principal, in current dollars, for the date on which it is paid. Interest payments will be calculated by multiplying one-half of the specified annual interest rate for the inflation-indexed securities by the inflation-adjusted principal for the interest payment date. Specifically, a semiannual interest payment is computed on the basis of one-half of one year's interest regardless of the actual number of days in the half-year.

*Example.* A 10-year inflation-indexed note paying 3% interest was issued on July 15, 1996, with the first interest payment on January 15, 1997. The Ref CPI on July 15, 1996 (Ref CPI<sub>Issue Date</sub>) was 120, and the Ref CPI on January 15, 1997 (Ref CPI<sub>Date</sub>) was 132. For a par amount of \$100,000, the inflation-adjusted principal on January 15, 1997, was  $(132/120) \times \$100,000$ , or \$110,000. This amount was then multiplied by .03/2, or .015, resulting in a payment of \$1,650.00.

#### C. Accrued Interest

Accrued interest will be payable by the purchaser of a Treasury bond or note when interest accrues prior to the issue date of the security. Because the purchaser receives a full interest payment despite having held the security for only a portion of the interest payment period, the Department is compensated through the payment of accrued interest at settlement.

For a fixed-principal security, if accrued interest covers a fractional portion of a full half-year period, the number of days in the full half-year period and the stated interest rate will determine the daily interest decimal to be used in computing the accrued interest. The decimal is multiplied by the number of days for which interest has accrued. If a reopened fixed-principal security has a long first interest payment period (a "long coupon"), and the dated date for the reopened issue is less than six full months before the first interest payment, the accrued interest will fall into two separate half-year periods, and a separate daily interest decimal must be multiplied by the respective number of days in each half-year period during which interest has accrued. All accrued interest computations are rounded to five decimal places for a \$1,000 inflation-adjusted principal, using normal rounding procedures. Accrued interest for a par amount of securities greater than \$1,000 is calculated by applying the appropriate multiple to accrued interest payable for \$1,000 par amount, rounded to five decimal places.

For an inflation-indexed security, accrued interest will be calculated as shown in section III, paragraphs A and B of this appendix.

*Examples.* (1) *Fixed-Principal Securities—(i) Involving One Half-Year:* A bond paying interest at a rate of 8¾%, originally issued on August 15, 1990, as a 30-year bond with a first in-

terest payment date of February 15, 1991, was reopened as a 29-year 9-month bond on November 15, 1990. Interest had accrued for 92 days, from August 15 to November 15. The regular interest period from August 15 to February 15, 1991, covered 184 days. Accordingly, the daily interest decimal, \$0.237771739, multiplied by 92, resulted in accrued interest payable of \$21.874999988, or \$21.87500, for each \$1,000 bond purchased. If the bonds have a par amount of \$150,000, then 150 is multiplied by \$21.87500, resulting in an amount payable of \$3,281.25.

(ii) *Involving Two Half-Years:* A 10¾% bond, originally issued on July 2, 1985, as a 20-year 1-month bond, with a first interest payment date of February 15, 1986, was reopened as a 19-year 10-month bond on November 4, 1985. Interest had accrued for 44 days, from July 2 to August 15, 1985, during a 181-day half-year (February 15 to August 15); and for 81 days, from August 15 to November 4, during a 184-day half-year (August 15, 1985, to February 15, 1986). Accordingly, \$0.296961326 was multiplied by 44, and \$0.292119565 was multiplied by 81, resulting in products of \$13.066298344 and \$23.661684765 which, added together, resulted in accrued interest payable of \$36.727983109, or \$36.72798, for each \$1,000 bond purchased. If the bonds have a par amount of \$11,000, then 11 is multiplied by \$36.72798, resulting in an amount payable of \$404.00778 (\$404.01).

## II. FORMULAS FOR CONVERSION OF FIXED-PRINCIPAL SECURITY YIELDS TO EQUIVALENT PRICES

### Definitions

P=price per 100 (dollars), rounded to three places, using normal rounding procedures  
C=the regular annual interest per \$100, payable semiannually, e.g., 10.125 (the dollar equivalent of a 10½% interest rate)

i=nominal annual rate of return or yield to maturity, based on semiannual interest payments and expressed in decimals, e.g., .0719

n=number of full semiannual periods from the issue date to maturity, except that, if the issue date is a coupon frequency date, n will be one less than the number of full semiannual periods remaining to maturity. Coupon frequency dates are the two semiannual dates based on the maturity date of each note or bond issue. For example, a security maturing on November 15, 1995, would have coupon frequency dates of May 15 and November 15.

r=(1) number of days from the issue date to the first interest payment (regular or short first payment period), or (2) number of days in fractional portion (or "initial short period") of long first payment period

s=(1) number of days in the full semiannual period ending on the first interest payment date (regular or short first payment period), or (2) number of days in the full

semiannual period in which the fractional portion of a long first payment period falls, ending at the onset of the regular portion of the first interest payment

$v^n = 1/[1+(i/2)]^n$  = present value of 1 due at the end of  $n$  periods

$a_n = (1 - v^n)/(i/2) = v + v^2 + v^3 + \dots + v^n$  = present value of 1 per period for  $n$  periods

$A$  = accrued interest

A. For fixed-principal securities with a regular first interest payment period:

Formula:

$$P[1+(r/s)(i/2)] = (C/2)(r/s) + (C/2)a_n + 100 v^n$$

Example:

For an 8¾% 30-year bond, issued May 15, 1990, due May 15, 2020, with interest payments on November 15 and May 15, solve for the price per 100 ( $P$ ) at a yield of 8.84%.

Definitions:

$C = 8.75$

$i = .0884$

$r = 184$  (May 15 to November 15, 1990)

$s = 184$  (May 15 to November 15, 1990)

$n = 59$  (There are 60 full semiannual periods, but  $n$  is reduced by 1 because the issue date is a coupon frequency date.)

$v^n = 1/[1+(.0884/2)]^{59}$ , or .077940

$a_n = (1 - .077940)/.0442$ , or 20.861086

Resolution:

$$P[1+(r/s)(i/2)] = (C/2)(r/s) + (C/2)a_n + 100 v^n \text{ or}$$

$$P[1+(184/184)(.0884/2)] = (8.75/2)(184/184) + (8.75/2)(20.861086) + 100(.077940)$$

$$(1) P[1+.0442] = 4.375 + 91.267251 + 7.7940$$

$$(2) P[1.0442] = 103.436251$$

$$(3) P = 103.436251 + 1.0442$$

$$(4) P = 99.057892$$

$$(5) P = 99.058$$

B. For fixed-principal securities with a short first interest payment period:

Formula:

$$P[1+(r/s)(i/2)] = (C/2)(r/s) + (C/2)a_n + 100 v^n$$

Example:

For an 8½% 2-year note, issued April 2, 1990, due March 31, 1992, with interest payments on September 30 and March 31, solve for the price per 100 ( $P$ ) at a yield of 8.59%.

Definitions:

$C = 8.50$

$i = .0859$

$n = 3$

$r = 181$  (April 2 to September 30, 1990)

$s = 183$  (March 31 to September 30, 1990)

$v^n = 1/[1+(.0859/2)]^3$ , or .881474

$a_n = (1 - .881474)/.04295$ , or 2.759627

Resolution:

$$P[1+(r/s)(i/2)] = (C/2)(r/s) + (C/2)a_n + 100 v^n \text{ or}$$

$$P[1+(181/183)(.0859/2)] = (8.50/2)(181/183) + (8.50/2)(2.759627) + 100(.881474)$$

$$(1) P[1+.042481] = 4.203552 + 11.728415 + 88.1474$$

$$(2) P[1.042481] = 104.079367$$

$$(3) P = 104.079367 + 1.042481$$

$$(4) P = 99.838143$$

$$(5) P = 99.838$$

C. For fixed-principal securities with a long first interest payment period:

Formula:

$$P[1+(r/s)(i/2)] = [(C/2)(r/s)]v + (C/2)a_n + 100 v^n$$

Example:

For an 8½% 5-year 2-month note, issued March 1, 1990, due May 15, 1995, with interest payments on November 15 and May 15 (first payment on November 15, 1990), solve for the price per 100 ( $P$ ) at a yield of 8.53%.

Definitions:

$C = 8.50$

$i = .0853$

$n = 10$

$r = 75$  (March 1 to May 15, 1990, which is the fractional portion of the first interest payment)

$s = 181$  (November 15, 1989, to May 15, 1990)

$v = 1/(1+.0853/2)$ , or .959095

$v^n = 1/(1+.0853/2)^{10}$ , or .658589

$a_n = (1 - .658589)/.04265$ , or 8.004947

Resolution:

$$P[1+(r/s)(i/2)] = [(C/2)(r/s)]v + (C/2)a_n + 100 v^n \text{ or}$$

$$P[1+(75/181)(.0853/2)] = [(8.50/2)(75/181)]$$

$$.959095 + (8.50/2)(8.004947) + 100(.658589)$$

$$(1) P[1+.017673] = 1.689014 + 34.021025 + 65.8589$$

$$(2) P[1.017673] = 101.568939$$

$$(3) P = 101.568939 + 1.017673$$

$$(4) P = 99.805084$$

$$(5) P = 99.805$$

D. (1) For fixed-principal securities reopened during a regular interest period where the purchase price includes predetermined accrued interest.

(2) For new fixed-principal securities accruing interest from the coupon frequency date immediately preceding the issue date, with the interest rate established in the auction being used to determine the accrued interest payable on the issue date.

Formula:

$$(P+A)[1+(r/s)(i/2)] = C/2 + (C/2)a_n + 100 v^n$$

Where:  $A = [(s - r)/s](C/2)$

Example:

For a 9½% 10-year note, interest accruing from November 15, 1985, issued November 29, 1985, due November 15, 1995, with interest payments on May 15 and November 15, solve for the price per 100 ( $P$ ) at a yield of 9.54%. Accrued interest is from November 15 to November 29 (14 days).

Definitions:

$C = 9.50$

$i = .0954$

$n = 19$

$r = 167$  (November 29, 1985, to May 15, 1986)

$s = 181$  (November 15, 1985, to May 15, 1986)

$v^n = 1/[1+(.0954/2)]^{19}$ , or .412570400

$a_n = (1 - .412570)/.0477$ , or 12.315094

$A = [181 - 167]/181(.950/2)$ , or .367403

Resolution:

$$(P+A)[1+(r/s)(i/2)] = C/2 + (C/2)a_n + 100 v^n \text{ or}$$



**Fiscal Service, Treasury**

**Pt. 356, App. B**

- (P+.367403)[1+(167/181)(.0954/2)]=(9.50/2)+(9.50/2)(12.315094)+100(.412570)
- (1) (P+.367403)[1+.044011]=  
4.75+58.496697+41.2570
- (2) (P+.367403)[1.044011]=104.503697
- (3) (P+.367403)=104.503697+1.044011
- (4) (P+.367403)=100.098272
- (5) P=100.098272-.367403
- (6) P=99.730869
- (7) P=99.731

E. For fixed-principal securities reopened during the regular portion of a long first payment period:

Formula:

$$(P+A)[1+(r/s)(i/2)]=(r'/s'')(C/2)+C/2+(C/2)a_n+100v^n$$

Where:

$$A=AI'+AI$$

$$AI'=(r'/s'')(C/2)$$

$$AI=[(s-r)/s](C/2)$$

and

r=number of days from the reopening date to the first interest payment date

s=number of days in the semiannual period for the regular portion of the first interest payment period

r'=number of days in the fractional portion (or "initial short period") of the first interest payment period

s''=number of days in the semiannual period ending with the commencement date of the regular portion of the first interest payment period

Example:

A 10¾% 19-year 9-month bond due August 15, 2005, is issued on July 2, 1985, and reopened on November 4, 1985, with interest payments on February 15 and August 15 (first payment on February 15, 1986), solve for the price per 100 (P) at a yield of 10.47%. Accrued interest is calculated from July 2 to November 4.

Definitions:

$$C=10.75$$

$$i=.1047$$

$$n=39$$

$$r=103 \text{ (November 4, 1985, to February 15, 1986)}$$

$$s=184 \text{ (August 15, 1985, to February 15, 1986)}$$

$$r'=44 \text{ (July 2 to August 15, 1985)}$$

$$s''=181 \text{ (February 15 to August 15, 1985)}$$

$$v^n=1/[(1+.1047/2)]^{39}, \text{ or } .136695$$

$$a_n=(1-.136695)/.05235, \text{ or } 16.491022$$

$$AI'=(44/181)(10.75/2), \text{ or } 1.306630$$

$$AI=[(184-103)/184](10.75/2), \text{ or } 2.366168$$

$$A=AI'+AI, \text{ or } 3.672798$$

Resolution:

$$(P+A)[1+(r/s)(i/2)]=(r'/s'')(C/2)+C/2+(C/2)a_n+100v^n \text{ or}$$

$$(P+3.672798)[1+(103/184)(.1047/2)]=(44/181)(10.75/2)+10.75/2+(10.75/2)(16.491022)+100(.136695)$$

$$(1) (P+3.672798)[1+.029305]=1.306630 + 5.375+88.639243+13.6695$$

$$(2) (P+3.672798)[1.029305]=108.990373$$

$$(3) (P+3.672798)=108.990373+1.029305$$

$$(4) (P+3.672798)=105.887344$$

$$(5) P=105.887344-3.672798$$

$$(6) P=102.214546$$

$$(7) P=102.215$$

F. For fixed-principal securities reopened during a short first payment period:

Formula:

$$(P+A)[1+(r/s)(i/2)]=(r'/s)(C/2)+(C/2)a_n+100v^n$$

Where:

$$A=[(r'-r)/s](C/2)$$

and

r'=number of days from the original issue date to the first interest payment date

Example:

For a 10½% 8-year note due May 15, 1991, originally issued on May 16, 1983, and reopened on August 15, 1983, with interest payments on November 15 and May 15 (first payment on November 15, 1983), solve for the price per 100 (P) at a yield of 10.53%. Accrued interest is calculated from May 16 to August 15.

Definitions:

$$C=10.50$$

$$i=.1053$$

$$n=15$$

$$r=92 \text{ (August 15, 1983, to November 15, 1983)}$$

$$s=184 \text{ (May 15, 1983, to November 15, 1983)}$$

$$r'=183 \text{ (May 16, 1983, to November 15, 1983)}$$

$$v^n=1/[(1+.1053/2)]^{15}, \text{ or } .463170$$

$$a_n=(1-.463170)/.05265, \text{ or } 10.196201$$

$$A=[(183-92)/184](10.50/2), \text{ or } 2.596467$$

Resolution:

$$(P+A)[1+(r/s)(i/2)]=(r'/s)(C/2)+(C/2)a_n+100v^n \text{ or}$$

$$(P+2.596467)[1+(92/184)(.1053/2)]=(183/184)(10.50/2)+(10.50/2)(10.196201)+100(.463170)$$

$$(1) (P+2.596467)[1+.026325]=5.221467+53.530055+46.3170$$

$$(2) (P+2.596467)[1.026325]=105.068522$$

$$(3) (P+2.596467)+105.068522=1.026325$$

$$(4) (P+2.596467)=102.373539$$

$$(5) P=102.373539-2.596467$$

$$(6) P=99.777072$$

$$(7) P=99.777$$

G. For fixed-principal securities reopened during the fractional portion (initial short period) of a long first payment period:

Formula:

$$(P+A)[1+(r/s)(i/2)]=[r'/s](C/2)v+(C/2)a_n+100v^n$$

Where:

$$A=[(r'-r)/s](C/2)$$

and

r=number of days from the reopening date to the end of the short period

r'=number of days in the short period

s=number of days in the semiannual period ending with the end of the short period

Example:

For a 9¾% 6-year 2-month note due December 15, 1994, originally issued on October 15,

1988, and reopened on November 15, 1988, with interest payments on June 15 and December 15 (first payment on June 15, 1989), solve for the price per 100 (P) at a yield of 9.79%. Accrued interest is calculated from October 15 to November 15.

Definitions:

C=9.75  
 i=.0979  
 n=12  
 r=30 (November 15, 1988, to December 15, 1988)  
 s=183 (June 15, 1988, to December 15, 1988)  
 r'=61 (October 15, 1988, to December 15, 1988)  
 v=1/(1+.0979/2), or .953334  
 v^n=[1/(1+.0979/2)]^12, or .563563  
 a\_n=(1-.563563)/.04895, or 8.915975  
 A=[(61-30)/183](9.75/2), or .825820

Resolution:

(P+A)[1+(r/s)(i/2)]=[r'/s)(C/2)]v+(C/2)a\_n+100 v^n  
 or  
 (P+.825820)[1+(30/183)(.0979/2)]=[61/183)(9.75/2)](.953334)+(9.75/2)(8.915975)+100(.563563)  
 (1) (P+.825820)[1+.008025]=1.549168+43.465378+56.3563  
 (2) (P+.825820)[1.008025]=101.370846  
 (3) (P+.825820)=101.370846+1.008025  
 (4) (P+.825820)=100.563821  
 (5) P=100.563821-.825820  
 (6) P=99.738001  
 (7) P=99.738

III. FORMULAS FOR CONVERSION OF INFLATION-INDEXED SECURITY YIELDS TO EQUIVALENT PRICES

Definitions

P = unadjusted or real price per 100 (dollars)  
 P<sub>adj</sub> = inflation adjusted price; P × Index Ratio<sub>Date</sub>  
 A = unadjusted accrued interest per \$100 original principal  
 A<sub>adj</sub> = inflation adjusted accrued interest; A × Index Ratio<sub>Date</sub>  
 SA = settlement amount including accrued interest in current dollars per \$100 original principal; P<sub>adj</sub> + A<sub>adj</sub>

r = days from settlement date to next coupon date

s = days in current semiannual period

i = real yield, expressed in decimals (e.g., 0.0325)

C = real annual coupon, payable semiannually, in terms of real dollars paid on \$100 initial, or real, principal of the security

n = number of full semiannual periods from issue date to maturity date, except that, if the issue date is a coupon frequency date, n will be one less than the number of full semiannual periods remaining until maturity. Coupon frequency dates are the two semiannual dates based on the maturity date of each note or bond issue. For example, a security maturing on July 15, 2026 would have coupon frequency dates of January 15 and July 15.

v^n = 1/(1 + i/2)^n = present value of 1 due at the end of n periods

a\_n] = (1 - v^n)/(i/2) = v + v^2 + v^3 + ... + v^n  
 = present value of 1 per period for n periods

Date = valuation date

D = the number of days in the month in which Date falls

t = calendar day corresponding to Date

CPI = Consumer Price Index number

CPI<sub>M</sub> = CPI reported for the calendar month M by the Bureau of Labor Statistics

Ref CPI<sub>M</sub> = reference CPI for the first day of the calendar month in which Date falls, e.g., Ref CPI<sub>April</sub> is the CPI<sub>January</sub>

Ref CPI<sub>M-1</sub> = reference CPI for the first day of the calendar month immediately following Date

Ref CPI<sub>Date</sub> = Ref CPI<sub>M</sub> + [(t - 1)/D][Ref CPI<sub>M-1</sub> - Ref CPI<sub>M</sub>]

Index Ratio<sub>Date</sub> = Ref CPI<sub>Date</sub>/Ref CPI<sub>IssueDate</sub>

A. For inflation-indexed securities with a regular first interest payment period:

Formulas:

$$P = \frac{(C/2) + (C/2)a_n] + 100v^n}{1 + (r/s)(i/2)} - [(s - r)/s](C/2)$$

P<sub>adj</sub> = P × Index Ratio<sub>Date</sub>

A = [(s - r)/s] × (C/2)

A<sub>adj</sub> = A × Index Ratio<sub>Date</sub>

SA = P<sub>adj</sub> + A<sub>adj</sub>

Index Ratio<sub>Date</sub> = Ref CPI<sub>Date</sub>/Ref CPI<sub>IssueDate</sub>

Example. The Treasury issues a 10-year inflation-indexed note on July 15, 1996. The note is issued at a discount to yield 3.1% (real). The note bears a 3% real coupon, payable on January 15 and July 15 of each year.

The base CPI index applicable to this note is 120.<sup>1</sup> Calculate the settlement amount.

Definitions:

C = 3.00

i = 0.0310

<sup>1</sup>This number is normally derived using the interpolative process described in appendix B, section I, paragraph B.

**Fiscal Service, Treasury**

**Pt. 356, App. B**

n = 19 (There are 20 full semiannual periods but n is reduced by 1 because the issue date is a coupon frequency date.)  
 r = 184 (July 15, 1996 to January 15, 1997)  
 s = 184 (July 15, 1996 to January 15, 1997)  
 Ref CPI<sub>Date</sub> = 120  
 Ref CPI<sub>IssueDate</sub> = 120

Resolution:

$$\begin{aligned} \text{Index Ratio}_{\text{Date}} &= \text{Ref CPI}_{\text{Date}}/\text{Ref CPI}_{\text{Issue Date}} = 120/120 = 1 \\ A &= [(184 - 184)/184] \times 3/2 = 0 \\ A_{\text{adj}} &= 0 \times 1 = 0 \\ v^n &= 1/(1 + i/2)^n = 1/(1 + .031/2)^{19} = 0.74658863 \\ a_{n|} &= (1 - v^n)/(i/2) = (1 - 0.74658863)/(0.031/2) = 16.34912065 \end{aligned}$$

$$\begin{aligned} P &= \frac{(C/2) + (C/2)a_{n|} + 100v^n}{1 + (r/s)(i/2)} - [(s - r)/s](C/2) \\ P &= \frac{(3/2) + (3/2)(16.34912065) + 100(0.74658863)}{1 + (184/184)(0.031/2)} - [(184 - 184)/184](3/2) \\ P &= \frac{1.5 + 24.52368098 + 74.658863}{1.01550000} - 0 \\ P &= \frac{100.68254398}{1.01550000} \end{aligned}$$

P = 99.145784  
 P = 99.146  
 P<sub>adj</sub> = P × Index Ratio<sub>Date</sub>  
 P<sub>adj</sub> = 99.146 × 1 = 99.146  
 SA = P<sub>adj</sub> + A<sub>adj</sub> ;  
 SA = 99.146 + 0 = 99.146

Bidding:

The dollar amount of each bid is in terms of the par amount. For example, if the Ref CPI applicable to the issue date of the note is 120, and the reference CPI applicable to the reopening issue date is 132, a bid of \$10,000 will in effect be a bid of \$10,000 × (132/120), or \$11,000.

NOTE: For the real price (P), Treasury has rounded to three places. These amounts are based on 100 par value.

B. For inflation-indexed securities reopened during a regular interest period where the purchase price includes predetermined accrued interest:

Formulas:

$$P = \frac{(C/2) + (C/2)a_{n|} + 100v^n}{1 + (r/s)(i/2)} - [(s - r)/s](C/2)$$

P<sub>adj</sub> = P × Index Ratio<sub>Date</sub>  
 A = [(s - r)/s] × (C/2)  
 A<sub>adj</sub> = A × Index Ratio<sub>Date</sub>  
 SA = P<sub>adj</sub> + A<sub>adj</sub>  
 Index Ratio<sub>Date</sub> = Ref CPI<sub>Date</sub>/Ref CPI<sub>IssueDate</sub>

reopening auction, of 3.40%. The base index applicable to the issue date of this note is 120 and the reference CPI applicable to April 15, 1997, is 132.

Definitions:

*Example.* A 3% 10-year inflation-indexed note was issued July 15, 1996, due July 15, 2006, with interest payments on January 15 and July 15. For a reopening on April 15, 1997, with inflation compensation accruing from July 15, 1996 to April 15, 1997, and accrued interest accruing from January 15, 1997 to April 15, 1997 (90 days), solve for the price per 100 (P) at a real yield, as determined in the

C = 3.00  
 i = 0.0340  
 n = 18  
 r = 91 (April 15, 1997 to July 15, 1997)  
 s = 181 (January 15, 1997 to July 15, 1997)  
 Ref CPI<sub>Date</sub> = 132  
 Ref CPI<sub>Issue Date</sub> = 120

Resolution:

$$\text{Index Ratio}_{\text{Date}} = \text{Ref CPI}_{\text{Date}} / \text{Ref CPI}_{\text{Issue Date}} = \frac{132/120}{1.100} = 1.100$$

$$v^n = 1/(1 + i/2)^n = 1/(1 + .0340/2)^{18} = 0.73828296$$

$$a_{\overline{n}|} = (1 - v^n)/(i/2) = (1 - 0.73828296)/(0.0340/2) = 15.39512000$$

$$P = \frac{(C/2) + (C/2)a_{\overline{n}|} + 100v^n}{1 + (r/s)(i/2)} - [(s-r)/s](C/2)$$

$$P = \frac{(3/2) + (3/2)(15.39512000) + 100(0.73828296)}{1 + (91/181)(0.0340/2)} - [(181 - 91)/181](3/2)$$

$$P = \frac{1.5 + 23.09268 + 73.828296}{1.00854696} - (90/181)(1.5)$$

$$P = \frac{98.420976}{1.00854696} - 0.745856$$

$P = 97.586905 - 0.745856$   
 $P = 96.841049$   
 $P = 96.841$   
 $P_{\text{adj}} = P \times \text{Index Ratio}_{\text{Date}}$   
 $P_{\text{adj}} = 96.841 \times 1.100 = 106.5251$   
 $P_{\text{adj}} = 106.525$   
 $A = [(181 - 91)/181] \times 3/2 = 0.745856$   
 $A_{\text{adj}} = A \times \text{Index Ratio}_{\text{Date}}$   
 $A_{\text{adj}} = 0.745856 \times 1.100 = 0.820442$   
 $SA = P_{\text{adj}} + A_{\text{adj}} = 106.525 + 0.820442$   
 $SA = 107.345442$

NOTE: For the real price (P), and the inflation-adjusted price ( $P_{\text{adj}}$ ), Treasury has rounded to three places. For accrued interest (A) and adjusted accrued interest ( $A_{\text{adj}}$ ), Treasury has rounded to six places. These amounts are based on 100 par value.

#### IV. COMPUTATION OF ADJUSTED VALUES AND PAYMENT AMOUNTS FOR STRIPPED INFLATION-INDEXED INTEREST COMPONENTS

NOTE: Valuing an interest component stripped from an inflation-indexed security at its adjusted value enables this interest component to be interchangeable (fungible) with other interest components that have the same maturity date, regardless of the underlying inflation-indexed security from which the interest components were stripped. The adjusted value provides for fungibility of these various interest components when buying, selling, or transferring them, or when reconstituting an inflation-indexed security.

##### DEFINITIONS

C=the regular annual interest rate, payable semiannually, e.g., .03625 (the decimal equivalent of a 3-5/8% interest rate)  
 Par=par amount of the security to be stripped

$\text{Ref CPI}_{\text{Issue Date}}$ =reference CPI for the original issue date (or dated date, when the dated date is different from the original issue date) of the underlying (unstripped) security  
 $\text{Ref CPI}_{\text{Date}}$ =reference CPI for the maturity date of the interest component  
 AV=adjusted value of the interest component  
 PA=payment amount at maturity by Treasury

##### FORMULAS

$AV = \text{Par} (C/2)(100/\text{Ref CPI}_{\text{Issue Date}})$  (rounded to 2 decimals with no intermediate rounding)

$PA = AV (\text{Ref CPI}_{\text{Date}}/100)$  (rounded to 2 decimals with no intermediate rounding)

Example. A 10-year inflation-indexed note paying 3½% interest is issued on January 15, 1999, with the second interest payment on January 15, 2000. The Ref CPI on January 15, 1999 ( $\text{Ref CPI}_{\text{Issue Date}}$ ) is 174.62783, and the Ref CPI on January 15, 2000 ( $\text{Ref CPI}_{\text{Date}}$ ) is 179.86159. Calculate the adjusted value and the payment amount at maturity of the interest component.

##### DEFINITIONS

$C = .035$   
 $\text{Par} = \$1,000,000$   
 $\text{Ref CPI}_{\text{Issue Date}} = 174.62783$   
 $\text{Ref CPI}_{\text{Date}} = 179.86159$

##### RESOLUTION

For a par amount of \$1 million, the adjusted value of each stripped interest component is \$1,000,000  $(.035/2)(100/174.62783)$ , or \$10,021.31 (no intermediate rounding).

For an interest component maturing on January 15, 2000, the payment amount is

**Fiscal Service, Treasury**

**Pt. 356, App. B**

\$10,021.31 (179.86159/100), or \$18,024.49 (no intermediate rounding).

**V. COMPUTATION OF PURCHASE PRICE, DISCOUNT RATE, AND INVESTMENT RATE (COUPON-EQUIVALENT YIELD) FOR TREASURY BILLS**

A. *Conversion of the discount rate to a purchase price for Treasury bills of all maturities:*

Formula:

$$P=100 [(1 - dr)/360]$$

Where:

d=discount rate, in decimals

r=number of days remaining to maturity

P=price per 100 (dollars)

Example:

For a bill issued November 24, 1989, due February 22, 1990, at a discount rate of 7.61%, solve for price per 100 (P).

Definitions:

d=.0761

r=90 (November 24, 1989 to February 22, 1990)

Resolution:

$$P=100 [(1 - dr)/360]$$

$$(1) P=100 [1 - (.0761)(90)/360]$$

$$(2) P=100 [1 - .019025]$$

$$(3) P=100 (.980975)$$

$$(4) P=98.0975$$

$$(5) P=98.098$$

NOTE: Purchase prices per \$100 are rounded to three decimal places, using normal rounding procedures.

B. *Computation of purchase prices and discount amounts based on price per \$100, for Treasury bills of all maturities:*

1. To determine the purchase price of any bill, divide the par amount by 100 and multiply the resulting quotient by the price per \$100.

Example. To compute the purchase price of a \$10,000 13-week bill sold at a price of \$98.098 per \$100, divide the par amount (\$10,000) by 100 to obtain the multiple (100). That multiple times 98.098 results in a purchase price of \$9,809.80.

2. To determine the discount amount for any bill, subtract the purchase price from the par amount of the bill.

Example. For a \$10,000 bill with a purchase price of \$9,809.80, the discount amount would be \$190.20, or \$10,000 - \$9,809.80.

C. *Conversion of prices to discount rates for Treasury bills of all maturities:*

Formula:

$$d = \left[ \frac{100 - P}{100} \times \frac{360}{r} \right]$$

Where:

P=price per 100 (dollars)

d=discount rate

r=number of days remaining to maturity

Example:

For a 26-week bill issued December 30, 1982, due June 30, 1983, with a price of \$95.930, solve for the discount rate (d).

Definitions:

P=95.930

r=182 (December 30, 1982, to June 30, 1983)

Resolution:

$$d = \left[ \frac{100 - P}{100} \times \frac{360}{r} \right]$$

$$d = \left[ \frac{100 - 95.930}{100} \times \frac{360}{182} \right] \quad (1)$$

$$(2) d = [.0407 \times 1.978022]$$

$$(3) d = .080506$$

$$(4) d = 8.051\%$$

NOTE: Prior to April 18, 1983, all bills were sold in price-basis auctions, in which discount rates calculated from prices were rounded to three places, using normal rounding procedures. Since that time, all bills have been sold only on a discount rate basis. For regular Treasury bills—13-, 26-, and 52-week bills—discount rates bid were submitted with two decimals in increments of .01 percent, e.g., 5.32, until 1997, when Treasury instituted a change to three decimal bidding in increments of .005 percent, e.g., 5.320 or 5.325.

D. *Calculation of investment rate (coupon-equivalent yield) for Treasury bills:*

1. For bills of not more than one half-year to maturity:

Formula:

$$i = \left[ \frac{100 - P}{P} \times \frac{y}{r} \right]$$

Where:

i=investment rate, in decimals

P=price per 100 (dollars)

r=number of days remaining to maturity

y=number of days in year following the issue date; normally 365 but, if the year following the issue date includes February 29, then y is 366.

Example:

For a cash management bill issued June 1, 1990, due June 21, 1990, with a price of \$99.559 (computed from a discount rate of 7.93%), solve for the investment rate (i).

Definitions:

P=99.559

r=20 (June 1, 1990, to June 21, 1990)

y=365

Resolution:

$$i = \left[ \frac{100 - P}{P} \times \frac{y}{r} \right]$$

$$(1) \ i = \left[ \frac{100 - 99.559}{99.559} \times \frac{365}{20} \right]$$

$$(2) \ i = [.004430 \times 18.25]$$

$$(3) \ i = .080848$$

$$(4) \ i = 8.08\%$$

- (2)  $i = [.004430 \times 18.25]$
- (3)  $i = .080848$
- (4)  $i = 8.08\%$

2. For bills of more than one half-year to maturity:

Formula:  $P[1 + (r - y/2)(i/y)](1 + i/2) = 100$

This formula must be solved by using the quadratic equation, which is:

$$ax^2 + bx + c = 0$$

Therefore, rewriting the bill formula in the quadratic equation form gives:

$$\left[ \frac{r}{2y} - .25 \right] i^2 + \left( \frac{r}{y} \right) i + \left( \frac{P - 100}{P} \right) = 0$$

$$i = \frac{-b + \sqrt{b^2 - 4ac}}{2a}$$

$$(1) \ i = \frac{-.997260 + \sqrt{(.997260)^2 - 4[(.24863)(-.083835)]}}{2(.248630)}$$

$$(2) \ i = \frac{-.997260 + \sqrt{.994528 + .083376}}{.497260}$$

- (3)  $i = (-.997260 + 1.038222)/.497260$
- (4)  $i = .040962/.497260$
- (5)  $i = .082375$  or
- (6)  $i = 8.24\%$

[58 FR 414, Jan. 5, 1993, as amended at 62 FR 854, 855, 864, 866, Jan. 6, 1997; 62 FR 43094, Aug. 12, 1997; 63 FR 35784, June 30, 1998; 64 FR 3634, Jan. 25, 1999]

and solving for "i" produces:

$$i = \frac{-b + \sqrt{b^2 - 4ac}}{2a}$$

Where:

$i$  = investment rate in decimals

$b = r/y$

$a = (r/2y) - .25$

$c = (P - 100)/P$

$P$  = price per 100 (dollars)

$r$  = number of days remaining to maturity

$y$  = number of days in year following the issue date; normally 365, but if the year following the issue date includes February 29, then  $y$  is 366.

Example:

For a 52-week bill issued June 7, 1990, due June 6, 1991, with a price of \$92.265 (computed from a discount rate of 7.65%), solve for the investment rate ( $i$ ).

Definitions:

$r = 364$  (June 7, 1990, to June 6, 1991)

$y = 365$

$P = 92.265$

$b = 364/365$ , or  $.997260$

$a = (364/730) - .25$ , or  $.24863$

$c = (92.265 - 100)/92.265$ , or  $-.083835$

Resolution:

APPENDIX C TO PART 356—INVESTMENT CONSIDERATIONS

I. INFLATION-INDEXED SECURITIES

A. Principal and Interest Variability

An investment in securities with principal or interest determined by reference to an inflation index involves factors not associated with an investment in a fixed-principal security. Such factors may include, without limitation, the possibility that the inflation index may be subject to significant changes, that changes in the index may or may not correlate to changes in interest rates generally or with changes in other indices, that the resulting interest may be greater or less than that payable on other securities of

similar maturities, and that, in the event of sustained deflation, the amount of the semi-annual interest payments, the inflation-adjusted principal of the security, and the value of stripped components, will decrease. However, if at maturity the inflation-adjusted principal is less than a security's par amount, an additional amount will be paid at maturity so that the additional amount plus the inflation-adjusted principal equals the par amount. Regardless of whether or not such an additional amount is paid, interest payments will always be based on the inflation-adjusted principal as of the interest payment date. If a security has been stripped, any such additional amount will be paid at maturity to holders of principal components only. (See § 356.30.)

#### B. Trading in the Secondary Market

The Treasury securities market is the largest and most liquid securities market in the world. While Treasury expects that there will be an active secondary market for inflation-indexed securities, that market initially may not be as active or liquid as the secondary market for Treasury fixed-principal securities. In addition, as a new product, inflation-indexed securities may not be as widely traded or as well understood as Treasury fixed-principal securities. Lesser liquidity and fewer market participants may result in larger spreads between bid and asked prices for inflation-indexed securities than the bid-asked spreads for fixed-principal securities with the same time to maturity. Larger bid-asked spreads normally result in higher transaction costs and/or lower overall returns. The liquidity of an inflation-indexed security may be enhanced over time as Treasury issues additional amounts or more entities participate in the market.

#### C. Tax Considerations

Treasury inflation-indexed securities and the stripped interest and principal components of these securities are subject to specific tax rules provided by Treasury regulations issued under sections 1275(d) and 1286 of the Internal Revenue Code of 1986, as amended.

#### D. Indexing Issues

While the CPI measures changes in prices for goods and services, movements in the CPI that have occurred in the past are not necessarily indicative of changes that may occur in the future.

The calculation of the index ratio incorporates an approximate three-month lag, which may have an impact on the trading price of the securities, particularly during periods of significant, rapid changes in the index.

The CPI is reported by the Bureau of Labor Statistics, a bureau within the Department of Labor. The Bureau of Labor Statistics operates independently of the Treasury and, therefore, Treasury has no control over the determination, calculation, or publication of the index. For a discussion of how the CPI will be applied in various situations, see appendix B, section I, paragraph B. In addition, for a discussion of actions that Treasury would take in the event the CPI is: discontinued; in the judgment of the Secretary, fundamentally altered in a manner materially adverse to the interests of an investor in the security; or, in the judgment of the Secretary, altered by legislation or Executive Order in a manner materially adverse to the interests of an investor in the security, see appendix B, section I, paragraph B.4.

[62 FR 873, Jan. 6, 1997]

#### APPENDIX D TO PART 356—DESCRIPTION OF THE CONSUMER PRICE INDEX

The Consumer Price Index ("CPI") for purposes of inflation-indexed securities is the non-seasonally adjusted *U.S. City Average All Items Consumer Price Index for All Urban Consumers*, published monthly by the Bureau of Labor Statistics of the Department of Labor. The CPI is a measure of the average change in consumer prices over time in a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors' and dentists' services, and drugs.

In calculating the index, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically to take into account changes in consumer expenditure patterns.

The CPI is expressed in relative terms in relation to a time base reference period for which the level is set at 100. For example, if the CPI for the 1982-84 reference period is 100.0, an increase of 16.5 percent from that period would be shown as 116.5. The CPI for a particular month is released and published during the following month. From time to time, the CPI is rebased to a more recent base reference period. The base reference period for a particular inflation-indexed security will be provided on the offering announcement for that security.

Further details about the CPI may be obtained by contacting the Bureau of Labor Statistics.

[62 FR 873, Jan. 6, 1997]

EXHIBIT A TO PART 356—SAMPLE ANNOUNCEMENTS OF TREASURY OFFERINGS TO THE PUBLIC

- I. Treasury Quarterly Financing Announcement.
- II. Treasury Weekly Bill Announcement.
- III. Treasury Cash Management Bill Announcement.
- IV. Treasury Inflation-Indexed Note Announcement.

I. TREASURY QUARTERLY FINANCING ANNOUNCEMENT

For release when authorized at press conference February 5, 20XX  
 Contact: Office of Financing, 202/XXX-XXXX

*Treasury February Quarterly Financing*

The Treasury will auction \$16,000 million of 5-year notes, \$12,000 million of 10-year notes, and \$10,000 million of 30-year bonds to refund \$26,996 million of publicly-held securities maturing February 15, 20XX, and to raise about \$11,004 million of new cash.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$1,795 million of the maturing securities, which may be re-

funded by issuing additional amounts of the new securities.

The maturing securities held by the public include \$1,654 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Amounts bid for these accounts by Federal Reserve Banks will be added to the offering.

All of the auctions being announced today will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders.

The 5-year and 10-year notes and the 30-year bond being offered today are eligible for the STRIPS program.

Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D.C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the notes and bond are given in the attached offering highlights.

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC

[February 20XX Quarterly Financing]

Offering Amount .....	\$16,000 million .....	\$12,000 million .....	\$10,000 million.
Description of Offering:			
Term and type of security.	5-year notes .....	10-year notes .....	30 year bonds.
Series .....	U-20XX .....	B-20XX .....	Bonds of February 20XX.
CUSIP number	912827XX X .....	912827XX X .....	912810XX X.
Auction date .....	February 11, 20XX	February 12, 20XX	February 13, 20XX.
Issue date .....	February 18, 20XX	February 18, 20XX	February 18, 20XX.
Dated date .....	February 15, 20XX	February 15, 20XX	February 15, 20XX.
Maturity date .....	February 15, 20XX	February 15, 20XX	February 15, 20XX.
Interest rate .....	Determined based on the highest accepted competitive bid.	Determined based on the highest accepted competitive bid.	Determined based on the highest accepted competitive bid.
Yield .....	Determined at auction.	Determined at auction.	Determined at auction.
Interest payment dates.	August 15 and February 15.	August 15 and February 15.	August 15 and February 15.
Minimum bid amount and multiples.	\$1,000 .....	\$1,000 .....	\$1,000.
Accrued interest payable by investor.	Determined at auction.	Determined at auction.	Determined at auction.
Premium or discount.	Determined at auction.	Determined at auction.	Determined at auction.
STRIPS Information:			
Minimum amount required.	Determined at auction.	Determined at auction.	Determined at auction.
Corpus CUSIP number.	912820XX X .....	912820XX X .....	912803XX X.



HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC—Continued

[February 20XX Quarterly Financing]

Due dates and CUSIP numbers for additional TINTs.	Not applicable .....	Not applicable .....	February 15, 20XX—912833 XX X.
<p>The following rules apply to all securities mentioned above:</p> <p>Submission of Bids:</p> <p>Noncompetitive bids ..... Accepted in full up to \$5,000,000 at the highest accepted yield.</p> <p>Competitive bids ..... (1) Must be expressed as a yield with three decimals in increments of .001%, e.g., 7.123%.</p> <p>(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is \$2 billion or greater.</p> <p>(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.</p> <p>Maximum Recognized Bid at a Single Yield. 35% of public offering.</p> <p>Maximum Award ..... 35% of public offering.</p> <p>Receipt of Tenders:</p> <p>Noncompetitive tenders ..... Prior to 12:00 noon Eastern Standard time on auction day.</p> <p>Competitive tenders ..... Prior to 1:00 p.m. Eastern Standard time on auction day.</p> <p>Payment Terms ..... By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. Treasury Direct customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.</p>			

II. TREASURY WEEKLY BILL ANNOUNCEMENT

Embargoed Until 2:30 p.m. April 15, 20XX  
 Contact: Office of Financing, 202/XXX-XXXX

*Treasury Offers 13-Week and 26-Week Bills*

The Treasury will auction two series of Treasury bills totaling approximately \$16,000 million, to refund \$13,469 million of publicly held securities maturing November 19, 1998 and to raise about \$2,531 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold \$7,442 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts issued to these accounts will be in addition to the offering amount.

The maturing bills held by the public include \$1,991 million held by Federal Reserve Banks as agents for foreign and inter-

national monetary authorities, which may be refunded within the offering amount at the highest discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

The 13- and 26-week bill auctions will be conducted in the single-price auction format.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D.C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights. Attachment

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS TO BE ISSUED APRIL 24, 20XX

Offering Amount .....	\$8,000 million .....	\$8,000 million.
Description of Offering:		
Term and type of security .....	91-day bill .....	182-day bill.
CUSIP number .....	912795 XX X .....	912795 XX X.
Auction date .....	April 21, 20XX .....	April 21, 20XX.
Issue date .....	April 24, 20XX .....	April 24, 20XX.
Maturity date .....	July 24, 20XX .....	October 23, 20XX.
Original issue date .....	July 25, 20XX .....	April 24, 20XX.
Currently outstanding .....	\$31,725 million .....	

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS TO BE ISSUED APRIL 24, 20XX—Continued

Minimum bid amount and multiples ...	\$1,000 .....	\$1,000
The following rules apply to all securities mentioned above:		
Submission of Bids:		
Noncompetitive bids .....	Accepted in full up to \$1,000,000 at the highest discount rate of accepted competitive bids.	
Competitive bids .....	(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.	
	(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$1 billion or greater.	
	(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.	
Maximum Recognized Bid at a Single Yield .....	35% of public offering.	
Maximum Award:	35% of public offering.	
Receipt of Tenders:		
Noncompetitive tenders .....	Prior to 12:00 noon Eastern Daylight Saving time on auction day	
Competitive tenders .....	Prior to 1:00 p.m. Eastern Daylight Saving time on auction day	
Payment Terms .....	By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. Treasury Direct customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.	

III. TREASURY CASH MANAGEMENT BILL ANNOUNCEMENT

Embargoed until 2:30 p.m. February 25, 20XX  
 Contact: Office of Financing 202/XXX-XXXX

*Treasury to Auction Cash Management Bills*

The Treasury will auction approximately \$23,000 million of 45-day Treasury cash management bills to be issued March 3, 20XX.

Competitive and noncompetitive tenders will be received at all Federal Reserve Banks and Branches. Tenders will *not* be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (Treasury Direct). Tenders will *not* be received at the Bureau of the Public Debt, Washington, D.C.

Additional amounts of the bills may be issued to Federal Reserve Banks as agents for foreign and international monetary au-

thorities at the highest discount rate of accepted competitive tenders.

The 45-day cash management bill will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest discount rate of accepted competitive tenders.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

NOTE: Competitive bids in cash management bill auctions must be expressed as a discount rate with *two* decimals, e.g., 7.10%.

Details about the new security are given in the attached offering highlights.

Attachment

HIGHLIGHTS OF TREASURY OFFERING OF 45-DAY CASH MANAGEMENT BILL

Offering Amount .....	\$23,000 million.
Description of Offering:	
Term and type of security .....	45-day Cash Management Bill.
CUSIP number .....	912795 XX X.
Auction date .....	February 27, 20XX.
Issue date .....	March 3, 20XX.
Maturity date .....	April 17, 20XX.

HIGHLIGHTS OF TREASURY OFFERING OF 45-DAY CASH MANAGEMENT BILL—Continued

Original issue date .....	October 17, 20XX.
Currently outstanding .....	\$24,724 million.
Minimum bid amount and multiples.	\$1,000.
Submission of Bids:	
Noncompetitive bids .....	Accepted in full up to \$1,000,000 at the highest accepted discount rate.
Competitive bids .....	(1) Must be expressed as a discount rate with two decimals in increments of .01%, e.g., 7.12%. (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$1 billion or greater. (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.
Maximum Recognized Bid at a Single Yield.	35% of public offering.
Maximum Award .....	35% of public offering.
Receipt of Tenders:	
Noncompetitive tenders .....	Prior to 11:00 a.m. Eastern Standard time on auction day.
Competitive tenders .....	Prior to 11:30 a.m. Eastern Standard time on auction day.
Payment Terms .....	By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender.

IV. TREASURY INFLATION-INDEXED NOTE ANNOUNCEMENT

Embargoed Until 2:30 P.M., October 2, 20XX  
CONTACT: Office of Financing, 202/219-3350

Treasury to Auction \$5,500 Million of 10-Year Inflation-Indexed Notes

The Treasury will auction \$5,500 million of 10-year inflation-indexed notes to raise cash. In addition, there is \$7,906 million of publicly-held securities maturing October 15, 20XX.

In addition to the public holdings, Federal Reserve Banks hold \$327 million of the maturing securities for their own accounts, which may be exchanged for additional amounts of the new securities.

The maturing securities held by the public include \$584 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Amounts bid for these accounts by Federal Reserve Banks will be added to the offering.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders.

Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D.C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR part 356) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about the new security are given in the attached offering highlights.

Highlights of Treasury Offering to the Public of 10-Year Inflation-Indexed Notes to be Issued October 15, 20XX

October 2, 20XX  
Offering Amount: \$5,500 million.  
Description of Offering:

Term and type of security: 10-year inflation-indexed notes

Series—D-20XX  
CUSIP number—912XXX XX X  
Auction date—October 9, 20XX  
Issue date—October 15, 20XX  
Dated date—October 15, 20XX  
Maturity date—October 15, 20XX

Interest Rate—Determined based on the highest accepted bid  
Real yield—Determined at auction  
Interest payment dates: April 15 and October 15.

Minimum bid amount—\$1,000  
Multiples—\$1,000  
Accrued interest payable by investor: None.  
Premium or discount: Determined at auction.

STRIPS Information:

Minimum amount required—Determined at auction

Corpus CUSIP number—912XXX XX X  
STRIPS Information:  
Due dates and CUSIP numbers for additional TINTs: 912XXX.  
April 15, 20XX—XX X  
October 15, 20XX—XX X  
April 15, 20XX—XX X  
October 15, 20XX—XX X  
April 15, 20XX—XX X  
October 15, 20XX—XX X  
April 15, 20XX—XX X  
October 15, 20XX—XX X

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April 15, 20XX—XX X
October 15, 20XX—XX X
April 15, 20XX—XX X
October 15, 20XX—XX X
April 15, 20XX—XX X
October 15, 20XX—XX X

Submission of Bids:

Noncompetitive bids:—Will be accepted in full up to \$5,000,000 at the highest accepted yield.

Competitive bids:

- (1) Must be expressed as a real yield with three decimals, e.g., 3.120%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is \$ billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield—35% of public offering.

Maximum Award—35% of public offering.

Receipt of Tenders:

Noncompetitive tenders: Prior to 12:00 noon Eastern Daylight Saving time on auction day.

Competitive tenders: Prior to 1:00 p.m. Eastern Daylight Saving time on auction day.

Payment Terms: Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date.

Indexing Information:

CPI Base Reference Period:—19XX—XX
Ref CPI 10/15/20XX:—XXX.XXXXX

[58 FR 414, Jan. 5, 1993, as amended at 62 FR 873, Jan. 6, 1997; 62 FR 43094, Aug. 12, 1997; 64 FR 3634, Jan. 25, 1999]

EXHIBIT B TO PART 356—SAMPLE AUTOCHARGE AGREEMENT TO DELIVER AND CHARGE FOR SECURITIES AWARDED IN DEPARTMENT OF THE TREASURY AUCTIONS (SUBMITTER AND DEPOSITORY INSTITUTION)

Federal Reserve Bank of
Attention: (Name of Fiscal Officer)
(Address)
(Address)

To Whom It May Concern:

I. The depository institution (“DI”) and the submitting entity (“Submitter”), as identified below, agree that

(a) The Submitter is authorized to submit tenders to the Federal Reserve Bank of (“Bank”);

(b) The Bank is authorized to deliver, as provided herein, Treasury securities awarded to the Submitter through the auction process;

(c) The Bank, or other Federal Reserve Bank identified in Section II below, is authorized to charge the DI’s funds account for payment of awarded securities that are delivered by the Bank hereunder. Such charge is to be made at the same time the securities are delivered;

(d) The Submitter [ ] is, [ ] is not authorized to submit TREASURY DIRECT tenders. Where such tenders are authorized, the Bank is instructed to deliver awarded securities to the TREASURY DIRECT Book-Entry System and charge the DI’s funds account for the securities delivered; and

(e) The Bank [ ] is, [ ] is not authorized to deliver the awarded securities to the DI’s securities account at a Federal Reserve Bank other than the Bank.

The above authorizations apply to:

- [ ] bills
[ ] notes
[ ] bonds

II. For securities to be delivered to a Federal Reserve Bank other than the Bank receiving the tender, the Submitter must complete the following:

Awarded securities are to be delivered hereunder by the Bank to the DI’s securities account at the Federal Reserve Bank of

III. The following wire instructions are to be used by the Bank to deliver securities to the DI:

Wire Instructions: \_\_\_\_\_

IV. General Provisions.

This agreement is effective on the date it is received by the Bank, although the Bank normally will not act under the agreement until it has acknowledged receipt of such.

The Submitter hereunder is the entity submitting bids to a Bank for its own account or for the account of others. The Submitter is responsible to the Treasury for full payment of all securities awarded, including any securities awarded under customer bids submitted by the Submitter.

Any Federal Reserve Bank identified herein is authorized to act on information in any tender in the name of the Submitter that reasonably appears to be valid and genuine. The DI, by executing this agreement, guarantees the authority and signature of the person signing this agreement on behalf of the Submitter.

This agreement will remain in effect until written notice is received by the Bank from either the DI or the Submitter that the agreement has been terminated, provided that if securities are scheduled to be delivered hereunder, such notice must be received in accordance with the termination procedures hereafter described.

As to termination action by the DI, notice of termination will not be effective unless received in writing by a Fiscal/Securities Department officer by the later of (i) 5 p.m. (the Bank's time) on the business day prior to the issue date of the securities scheduled to be delivered hereunder or (ii) if the submitter has authorized the Bank to advise the DI of securities to be delivered, two hours after such advice is sent by the Bank. Such termination action by the DI shall not affect the Submitter's responsibility to make full payment for the securities awarded. A DI may, at any time, waive in writing its right to terminate hereunder.

As to termination action by the Submitter after an auction but prior to delivery of awarded securities, the written notice of termination will not be effective, and this agreement shall remain in full force and effect, unless the Submitter has provided to the Bank, and the latter has acknowledged, a new autocharge agreement executed by a DI having a funds account at a Federal Reserve Bank.

Written notices to be sent hereunder in connection with the termination of this autocharge agreement shall be sent by either the Submitter or the DI to the Bank authorized to receive tenders hereunder.

In the event that this autocharge agreement is terminated, it is the sole responsibility of the party terminating the agreement to notify the other party hereto.

AGREED TO BY \_\_\_\_\_  
(Full DI Name and ABA #)  
Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

AGREED TO BY \_\_\_\_\_  
(Full name of Submitter)  
Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ACKNOWLEDGED BY: Federal Reserve Bank of \_\_\_\_\_  
("Bank"):  
Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

DI'S SIGNATURE AND WIRE INSTRUCTIONS VERIFIED BY:  
(For use only by Federal Reserve Bank named in Section II above)  
Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Federal Reserve Bank of \_\_\_\_\_

Instructions for Completing the Autocharge Agreement

1. DEPOSITORY INSTITUTION: This is the DI whose funds account at a Federal Reserve Bank will be debited, under this autocharge agreement, for the price of Treasury securities awarded at auction to the Submitter. Also, this DI must have a book-entry securities account at the Federal Reserve Bank to which securities will be delivered against payment on settlement day pursuant to the autocharge agreement and the Submitter's tender submission.
2. SUBMITTER: The Submitter must identify the full name of the entity that is submitting bids under this autocharge agreement. The name shown on the autocharge agreement should be the same as that appearing on related tender forms.
3. BANK: This is the Federal Reserve Bank to which the Submitter will be submitting tenders in Treasury auctions.
4. SIGNATURE FOR DI: This is the signature of an officer of the DI having authority to enter into or terminate this autocharge agreement, and whose signature is on file at the Federal Reserve Bank where the DI has a funds account.
5. SIGNATURE FOR SUBMITTER: This is the signature of an officer of the Submitter having authority to enter into or terminate the autocharge agreement.
6. SIGNATURE FOR BANK: This is the signature of an officer of the Bank having authority to acknowledge this autocharge agreement.

**PART 357—REGULATIONS GOVERNING BOOK-ENTRY TREASURY BONDS, NOTES AND BILLS (DEPARTMENT OF THE TREASURY CIRCULAR, PUBLIC DEBT SERIES NO. 2-86)**

**Subpart A—General Information**

- Sec.  
357.0 Dual book-entry systems.  
357.1 Effective date.  
357.2 Definitions.

**Subpart B—Treasury/Reserve Automated Debt Entry System (TRADES)**

- 357.10 Laws governing a Treasury book-entry security, TRADES, and security interests or entitlements.  
357.11 Laws governing other interests in Treasury securities.  
357.12 A Participant's Security Entitlement.  
357.13 Obligations of the United States and the Federal Reserve Banks with respect to Book-entry Securities and security interests.

## § 357.0

- 357.14 What authority does a Federal Reserve Bank have?  
357.15 How can a debtor's interest in a Security Entitlement be reached by creditors?

### Subpart C—TREASURY DIRECT Book-Entry Securities System (TREASURY DIRECT)

- 357.20 Securities account in TREASURY DIRECT.  
357.21 Registration.  
357.22 Transfers.  
357.23 Judicial proceedings—sovereign immunity.  
357.24 Availability and disclosure of TREASURY DIRECT records.  
357.25 Security interests.  
357.26 Direct Deposit.  
357.27 Reinvestment.  
357.28 Transaction requests.  
357.29 Time required for processing transaction request.  
357.30 Cases of delay or suspension of payment.  
357.31 Certifying individuals.  
357.32 Submission of transaction requests; further information.

### Subpart D—Additional Provisions

- 357.40 Additional requirements.  
357.41 Waiver of regulations.  
357.42 Liability of Department and Federal Reserve Banks.  
357.43 Liability for transfers to and from TREASURY DIRECT.  
357.44 [Reserved]  
357.45 Supplements, amendments, or revisions.

APPENDIX A TO PART 357—DISCUSSION OF FINAL RULE

APPENDIX B TO PART 357—TRADES COMMENTARY

AUTHORITY: 31 U.S.C. chapter 31; 5 U.S.C. 301; 12 U.S.C. 391.

SOURCE: 51 FR 18265, May 16, 1986, unless otherwise noted.

### Subpart A—General Information

#### § 357.0 Dual book-entry systems.

(a) Treasury securities shall be maintained in either of the following two book-entry systems:

(1) *Treasury/Reserve Automated Debt Entry System (TRADES)*. A Treasury security is maintained in TRADES if it is credited by a Federal Reserve Bank to a Participant's Securities Account. See subpart B of this part for rules pertaining to TRADES.

(2) *TREASURY DIRECT Book-entry Securities System (TREASURY DIRECT)*. A

## 31 CFR Ch. II (7–1–02 Edition)

Treasury security is maintained in TREASURY DIRECT if it is credited to a TREASURY DIRECT account as described in § 357.20. Such accounts may be accessed by investors in accordance with subpart C of this part through any Federal Reserve Bank or the Bureau of the Public Debt. See subpart C of this part for rules pertaining to TREASURY DIRECT.

(b) A Treasury security eligible to be maintained in TREASURY DIRECT under the terms of its offering circular or pursuant to notice published by the Secretary may be transferred to or from an account in TRADES from or to an account in TREASURY DIRECT in accordance with § 357.22(a).

[61 FR 43628, Aug. 23, 1996]

#### § 357.1 Effective date.

Subpart B of this part, the definitions of *Adverse Claim*, *Book-entry Security*, *Entitlement Holder*, *Federal Reserve Bank Operating Circular*, *Funds Account*, *Issue*, *Participant*, *Participant's Securities Account*, *Person*, *Revised Article 8*, *Securities Intermediary*, *Security Entitlement*, *State*, and *Transfer Message* and revisions to the definitions of *Security* and *TRADES*, and §§ 357.42 and 357.44 and the revisions to § 357.41 are effective January 1, 1997. All other provisions in effect prior to January 1, 1997, remain in effect.

[61 FR 43628, Aug. 23, 1996]

#### § 357.2 Definitions.

In this part, unless the context indicates otherwise:

*Adverse Claim* means a claim that a claimant has a property interest in a Security and that it is a violation of the rights of the claimant for another Person to hold, transfer, or deal with the Security.

*Bill* means an obligation of the United States, with a term of not more than one year, issued at a discount, under chapter 31 of title 31 of the United States Code, in book-entry form.

*Bond* means an obligation of the United States, with a term of more than ten years, issued under chapter 31 of title 31 of the United States Code, in book-entry form.

*Book-entry Security* means, in subpart B of this part, a Treasury Security maintained in TRADES and, in subpart C of this part, a Treasury Security maintained in TREASURY DIRECT.

*Business day* means any day other than a Saturday, Sunday, or other day on which the Federal Reserve Banks are not open for business.

*Department* means the United States Department of the Treasury, and, where appropriate, the Federal Reserve Banks acting as fiscal agents of the United States.

*Depository institution* means an entity described in section 19(b)(1)(A)(i)–(vi) of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)(i)–(vi)). Under section 19(b) of the Federal Reserve Act, the term *depository institution* includes:

(1) Any insured bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(2) Any mutual savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(3) Any savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(4) Any insured credit union as defined in 12 U.S.C. 1752 or any credit union which is eligible to make application to become an insured credit union under 12 U.S.C. 1781;

(5) Any member as defined in 12 U.S.C. 1422; and

(6) Any savings association (as defined in 12 U.S.C. 1813) which is an insured depository institution, as defined in the Federal Deposit Insurance Act, 12 U.S.C. 1811, *et seq.*, or is eligible to apply to become an insured depository institution under such Act.

*Entitlement Holder* means a Person to whose account an interest in a Book-entry Security is credited on the records of a Securities Intermediary.

*Federal Reserve Bank* or *Reserve Bank* means a Federal Reserve Bank or Branch.

*Federal Reserve Bank Operating Circular* means the publication issued by each Federal Reserve Bank that sets forth the terms and conditions under which the Reserve Bank maintains

Book-entry Securities accounts and transfers Book-entry Securities.

*Financial institution* means, for purposes of direct deposit, an institution which has agreed to receive credit payments under 31 CFR part 210, as amended from time to time, and has not withdrawn its participation in a direct deposit program under part 210, or an institution which is willing to agree to receive credit payments under 31 CFR part 210 and has enrolled with its Federal Reserve Bank.

*Funds Account* means a reserve and/or clearing account at a Federal Reserve Bank to which debits or credits are posted for transfers against payment, book-entry securities transaction fees, or principal and interest payments.

*Incompetent* means an individual who is legally, medically or mentally incapable of handling his or her business affairs, except that a minor is not an incompetent solely because of age.

*Issue* means a group of securities, as defined in this section, that is identified by the same CUSIP (Committee on Uniform Securities Identification Practices) number.

*Maturity value* is the amount that the Department is obligated to pay when a security matures.

*Minor* means an individual who is under the age of majority, as determined by applicable state law.

*Note* means an obligation of the United States, with a term of at least one year, but of not more than ten years, issued under chapter 31 of title 31 of the United States Code, in book-entry form.

*Original issue* means the offering by the Department of the Treasury of a marketable Treasury security to the public and its issuance in book-entry accounts maintained either directly by the Treasury or held through a Federal Reserve Bank.

*Owner*, as used in subpart C, means the individual(s) or entity in whose name a security is registered. If a security is registered in more than one name, the term *owner* includes all those whose names appear on the registration and are authorized by this Part to make a transaction request on a security held in TREASURY DIRECT.

*Participant* means a Person that maintains a Participant's Securities Account with a Federal Reserve Bank.

*Participant's Securities Account* means an account in the name of a Participant at a Federal Reserve Bank to which Book-entry Securities held for a Participant are or may be credited.

*Person* means and includes an individual, corporation, company, governmental entity, association, firm, partnership, trust, estate, representative and any other similar organization, but does not mean or include the United States or a Federal Reserve Bank.

*Redemption* means payment of a security at maturity, or pursuant to a call for redemption in accordance with the terms of a security.

*Representative* includes an executor, administrator, legal guardian, committee, conservator, and any similar person or entity appointed by a court to represent the estate of a decedent, minor, or incompetent, as well as a trustee, whether appointed by a court or otherwise.

*Revised Article 8* means Uniform Commercial Code, Revised Article 8, Investment Securities (with Conforming and Miscellaneous Amendments to Articles 1, 3, 4, 5, 9 and 10) 1994 Official Text. The Director of the Federal Register approves the incorporation by reference of Revised Article 8 of the Uniform Commercial Code in this part, pursuant to 5 U.S.C. 552(a) and 1 CFR part 51. Revised Article 8 was adopted by the American Law Institute and the National Conference of Commissioners On Uniform State Laws and approved by the American Bar Association on February 14, 1995. Copies of Revised Article 8 are available from the Executive Office of the American Law Institute, 4025 Chestnut Street, Philadelphia, PA 19104, and the National Conference of Commissioners on Uniform State Laws, 211 East Ontario Street, Suite 1300, Chicago, IL 60611. Copies are also available for public inspection at the Department of the Treasury Library, Room 1428, Main Treasury Building, 1500 Pennsylvania Avenue, NW, Washington, DC 20220, and at the Office of the Federal Register, 800 North Capitol Street, NW, Suite 700, Washington, DC.

*Revised Article 9* means Uniform Commercial Code, Revised Article 9, Se-

cured Transactions (with conforming amendments to Articles 1, 2, 2A, 4, 5, 6, 7, and 8), 1999 official text. The Director of the Federal Register approves the incorporation by reference of Revised Article 9 of the Uniform Commercial Code in this part, pursuant to 5 U.S.C. 552(a) and 1 CFR part 51. Revised Article 9 was approved by the American Law Institute and the National Conference of Commissioners On Uniform State Laws in 1998. Copies of Revised Article 9 are available from the Executive Office of the American Law Institute, 4025 Chestnut Street, Philadelphia, PA 19104, and the National Conference of Commissioners on Uniform State Laws, 211 East Ontario Street, Suite 1300, Chicago, IL 60611. Copies are also available for public inspection at the Department of the Treasury Library, Room 1428, Main Treasury Building, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, and at the Office of the Federal Register, 800 North Capitol Street, NW., Suite 700, Washington, DC.

*Securities Intermediary* means:

(1) A Person that is registered as a "clearing agency" under the federal securities laws; a Federal Reserve Bank; any other person that provides clearance or settlement services with respect to a Book-entry Security that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority; or

(2) A Person (other than an individual, unless such individual is registered as a broker or dealer under the federal securities laws) including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

*Security* means a bill, note, or bond, each as defined in this section. It also means any other obligation issued by the Department that, by the terms of the applicable offering circular or announcement, is made subject to this part. Solely for purposes of this part, it also means:



(1) The interest and principal components of a security eligible for Separate Trading of Registered Interest and Principal of Securities ("STRIPS"), if such security has been divided into such components as authorized by the express terms of the offering circular under which the security was issued and the components are maintained separately on the books of one or more Federal Reserve Banks; and

(2) The interest coupons that have been converted to book-entry form under the Treasury's Coupons Under Book-Entry Safekeeping Program ("CUBES"), pursuant to agreement and the regulations in 31 CFR part 358.

*Security Entitlement* means the rights and property interest of an Entitlement Holder with respect to a Book-entry Security.

*Signature guarantee program* means a signature guarantee program established in response to Rule 17 Ad-15 (17 CFR 240.17Ad-15), issued under authority of the Securities Exchange Act of 1934. For the purpose of the regulations in this part, the Securities Transfer Agents Medallion Program (STAMP), the Stock Exchanges Medallion Program (SEMP), and the New York Stock Exchange, Inc. Medallion Signature Program (MSP) are recognized by Treasury as such signature guarantee programs.

*State* means any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other territory or possession of the United States.

*Taxpayer identifying number* or *TIN* means a social security account number or an employer identification number, as appropriate.

*TRADES* is the Treasury/Reserve Automated Debt Entry System, also referred to as the commercial book-entry system.

*Transaction request* means a request to effect a change in an account master record or securities portfolio maintained in TREASURY DIRECT.

*Transaction request form* means a form or series of forms prescribed for use by the Department to request a transaction in TREASURY DIRECT. (This term includes a document that the Department has determined contains all

of the elements required by the transaction request form.)

*Transfer Message* means an instruction of a Participant to a Federal Reserve Bank to effect a transfer of a Book-entry Security maintained in TRADES, as set forth in Federal Reserve Bank Operating Circulars.

*TREASURY DIRECT* is the TREASURY DIRECT Book-Entry Securities System.

[51 FR 18265, May 16, 1986, as amended at 59 FR 59038, Nov. 15, 1994. Redesignated and amended at 61 FR 43628, Aug. 23, 1996; 62 FR 18694, Apr. 16, 1997; 62 FR 33548, June 20, 1997; 67 FR 7079, Feb. 15, 2002]

### Subpart B—Treasury/Reserve Automated Debt Entry System (TRADES)

SOURCE: 67 FR 7080, Feb. 15, 2002, unless otherwise noted.

#### § 357.10 Laws governing a Treasury book-entry security, TRADES, and security interests or entitlements.

(a) *What law governs the rights and obligations of the United States and the Federal Reserve Banks; and the rights of any Person against the United States and the Federal Reserve Banks?* Except as we provide in paragraph (b) of this section, the following are governed solely by Treasury regulations, including the regulations of this part, the applicable offering circular (which is 31 CFR part 356, in the case of securities issued on and after March 1, 1993), the announcement of the offering, and Federal Reserve Bank Operating Circulars:

(1) The rights and obligations of the United States and the Federal Reserve Banks with respect to a Book-entry Security or Security Entitlement and the operation of TRADES, and

(2) The rights of any Person, including a Participant, against the United States and the Federal Reserve Banks with respect to a Book-entry Security or Security Entitlement and the operation of TRADES.

(b) *What law governs security interests in Security Entitlements that are not recorded on a Federal Reserve Bank's books?* See the following table:

§ 357.11

31 CFR Ch. II (7-1-02 Edition)

If a security interest in a security entitlement is—	And it is—	Then it is governed by—
(1) in favor of a Federal Reserve Bank from a Participant.	not recorded on the books of a Federal Reserve Bank pursuant to § 357.12(e)(2).	the law (not including the conflict-of-law rules) of the jurisdiction where the head office of the Federal Reserve Bank maintaining the Participant's Securities Account is located.
(2) in favor of a Federal Reserve Bank from a Person that is not a Participant.	not recorded on the books of a Federal Reserve Bank pursuant to § 357.12(e)(2).	the law determined in the manner specified in § 357.11.

(c) *What law governs if the jurisdiction in paragraph (b)(1) of this section did not adopt Revised Article 8, or Revised Article 8 as amended by Revised Article 9 (both incorporated by reference, see Sec. 357.2)?* The law specified in paragraph (b)(1) of this section shall be the law of that State as though that State adopted Revised Article 8.

**§ 357.11 Laws governing other interests in Treasury securities.**

(a) *What does the law (not including the conflict-of-law rules) of a Securities Intermediary's jurisdiction govern?* To the extent not inconsistent with these regulations, the law (not including the conflict-of-law rules) of a Security Intermediary's jurisdiction governs the following:

(1) When a Person acquires a Security Entitlement from the Securities Intermediary;

(2) The rights and duties of the Securities Intermediary and Entitlement Holder that arise out of a Security Entitlement;

(3) Whether the Securities Intermediary owes any duties to an adverse claimant to a Security Entitlement;

(4) Whether a Person may assert an Adverse Claim against a Person who acquires a Security Entitlement from the Securities Intermediary or against a Person who purchases a Security Entitlement or interest therein from an Entitlement Holder; and

(5) The perfection, effect of perfection or non-perfection and priority of a security interest in a Security Entitlement (except as otherwise provided in paragraph (c) of this section).

(b) *What is the "Securities Intermediary's jurisdiction" for purposes of this section?* See the following table:

If . . .	Then the securities intermediary's jurisdiction is . . .
(1) An agreement between the Securities Intermediary and its Entitlement Holder governing the securities account expressly provides that a particular jurisdiction is the Securities Intermediary's jurisdiction for purposes of Part 1 of Article 8 of the Uniform Commercial Code, Article 8 of the Uniform Commercial Code, or the Uniform Commercial Code.	the jurisdiction agreed upon.
(2) An agreement between the Securities Intermediary and its Entitlement Holder governing the securities account expressly provides that it is governed by the law of a particular jurisdiction.	the jurisdiction agreed upon.
(3) The statements in paragraphs (b)(1) and (2) of this table do not apply, but the agreement expressly specifies that the securities account is maintained at an office in a particular jurisdiction.	the jurisdiction where the office is located.
(4) The statements in paragraphs (b)(1) through (3) of this table do not apply and an account statement identifies the office serving the Entitlement Holder's account.	the jurisdiction where the office is located.
(5) None of the statements in paragraphs (b)(1) through (4) of this table apply . . . . .	the jurisdiction in which the chief executive office of the Securities Intermediary is located.

(c) *What law governs the perfection of a security interest automatically or by filing?* The law (but not the conflict-of-law rules) of the jurisdiction in which the Person creating a security interest is located governs whether and how the security interest may be perfected

automatically or by filing a financing statement. (This is despite the general rule in (a)(5) of this section).

(d) *Where is a Person located, for purposes of paragraph (c) of this section?* A Person's location is determined under state law, including Revised Article 9

**Fiscal Service, Treasury**

**§ 357.12**

(incorporated by reference, see §357.2), as it may be amended from time to time.

(e) *What law governs if the jurisdiction in table (b) of this section did not adopt Revised Article 8 or Revised Article 8 as amended by Revised Article 9 (both incorporated by reference, see § 357.2)?* The law for the matters specified in paragraph (a) of this section shall be the law of that State as though the State adopted Revised Article 8.

(f) *What other rules apply?* For purposes of the matters specified in paragraph (a) of this section, the Federal Reserve Bank maintaining the Securi-

ties Account is a clearing corporation and the Participant's interest in a Book-entry Security is a Security Entitlement.

**§357.12 A Participant's Security Entitlement.**

(a) *How is a Participant's Security Entitlement created?* A Federal Reserve Bank indicates by book entry that a Book-entry Security has been credited to a Participant's Securities Account.

(b) *What else do I need to know about a Participant's Security Entitlement?* See the following table:

If a security interest in a security entitlement of a participant . . .	Then . . .
(1) Meets all of the following criteria: (i) is in favor of the United States (ii) is marked on the books of a Federal Reserve Bank ..... (iii) is to secure deposits of public money (including without limitation deposits to the Treasury tax and loan accounts, or other security interested required by Federal statute, regulation, or agreement).	it is created; it is perfected; and it has priority over any other interest in the securities.

(c) *What is the effect of the marking of a security interest in favor of the United States in a Security Entitlement of a Participant on the books of a Federal Reserve Bank?* Where a security interest in favor of the United States in a Security Entitlement of a Participant is marked on the books of a Federal Reserve Bank, such Reserve Bank may rely, and is protected in relying, exclusively on the order of an authorized Representative of the United States directing the transfer of the Security.

(d) *Who is an authorized Representative of the United States, for purposes of paragraph (c) in this section?* The official designated in the applicable regulations or in an agreement to which a Federal Reserve Bank is a party, governing the security interest.

(e)(1) *Must the United States and the Federal Reserve Banks agree to act on behalf of any Person or to recognize the interest of any transferee of a security interest or other limited interest in favor of any Person?* No, they need not agree to act or recognize any party's interest, except:

- (i) To the extent of any specific requirement of Federal law or regulation, or
- (ii) To the extent set forth in any specific agreement with the Federal

Reserve Bank on whose books the interest of the Participant is recorded.

(2) *May a security interest be created and perfected by a Federal Reserve Bank marking its books?* Yes, a security interest in a Security Entitlement that is in favor of a Federal Reserve Bank or a Person may be created and perfected by a Federal Reserve Bank marking its books to record the security interest to the extent required by law, regulation, or an agreement with a Federal Reserve Bank or the Federal Reserve Bank Operating Circular.

(3) *Does this security interest have priority over other interests?* A security interest in a Security Entitlement marked on the books of a Federal Reserve Bank has priority over any other interest in the securities, except a security in favor of the United States, as provided in table (b) of this section.

(4) *In addition to the method provided in paragraph (e)(2) of this section, may a security interest, including a security interest in favor of a Federal Reserve Bank, be perfected in another way?* Yes, a security interest may be perfected by any method under applicable law as described in §357.10(b) or §357.11.

(i) The applicable law governs the perfection, effect of perfection or non-perfection and priority of a security interest.

### § 357.13

(ii) A security interest in favor of a Federal Reserve Bank shall be treated as a security interest in favor of a clearing corporation in all respects under that law.

(iii) A Federal Reserve Bank Operating Circular shall be treated as a rule adopted by a clearing corporation for these purposes.

#### **§ 357.13 Obligations of the United States and the Federal Reserve Banks with respect to Book-entry Securities and security interests.**

(a) *Who is entitled to deal with an interest in a Book-entry Security that has been credited to a Participant's Security Account?* Except in the case of a security interest in favor of the United States or a Federal Reserve Bank or otherwise as provided in § 357.12 (e), for the purposes of this subpart B, the United States and the Federal Reserve Banks treat the Participant as exclusively entitled to perform the following functions, even if the Treasury or a Federal Reserve Bank has any information or notice to the contrary:

- (1) Issue a Transfer Message,
- (2) Receive interest and other payments with respect thereof, and
- (3) Exercise all the rights and powers with respect to the Security.

(b) *Are the Federal Reserve Banks and Treasury liable for Adverse Claims?* The Federal Reserve Banks and Treasury are not liable to a Person asserting or having an Adverse Claim to a Security Entitlement or to a Book-entry Security in a Participant's Securities Account. This includes any such claim arising as a result of the transfer or disposition of a Book-entry Security by a Federal Reserve Bank, pursuant to a Transfer Message that the Federal Reserve Bank reasonably believes to be genuine.

(c) *When is the obligation of the United States to pay interest and principal with respect to Book-entry Securities discharged?* The obligation is discharged once payment is made as follows:

- (1) A Federal Reserve Bank credits the appropriate amount of interest on Book-entry Securities to a Funds Account maintained at the Bank, or pays it as directed by the Participant.
- (2) Book-entry Securities are redeemed according to their terms, a

### 31 CFR Ch. II (7-1-02 Edition)

Federal Reserve Bank withdraws the securities from the Participant's Securities Account in which they are maintained, and either:

- (i) Credits the amount of the Redemption proceeds, including both principal and interest, where applicable, to a Funds Account at the Bank, or
- (ii) Pays such principal and interest as directed by the Participant.

(d) *What does a Participant need to do in connection with the Redemption of a Book-entry Security?* No action by the Participant is required.

#### **§ 357.14 What authority does a Federal Reserve Bank have?**

(a) Each Federal Reserve Bank has the authority as fiscal agent of the United States to:

- (1) Perform functions with respect to the issuance of Book-entry Securities offered and sold by the Department to which this subpart applies, in accordance with the terms of the applicable offering circular and with procedures established by the Department;
- (2) Service and maintain Book-entry Securities in accounts established for such purposes;
- (3) Make payments of principal and interest, as directed by the Department;
- (4) Effect transfer of Book-entry Securities between Participants' Securities Accounts as directed by the Participants; and
- (5) Perform such other duties as fiscal agent that the Department may request.

(b) Each Federal Reserve Bank may issue Operating Circulars that are consistent with this part, governing the details of its handling of Book-entry Securities, Security Entitlements, and the operation of the book-entry system under this part.

#### **§ 357.15 How can a debtor's interest in a Security Entitlement be reached by creditors?**

- (a) The interest of a debtor may be reached by creditors only by legal process upon the Securities Intermediary with whom the debtor's securities account is maintained. Exception: If a Security Entitlement is maintained in

the name of a secured party, the debtor's interest may be reached by legal process upon the secured party.

(b) These regulations do not state whether a Federal Reserve Bank is required to honor an order or other notice of attachment in any particular case or class of cases.

### Subpart C—Treasury Direct Book-Entry Securities System (TREASURY DIRECT)

#### § 357.20 Securities account in TREASURY DIRECT.

(a) *Account.* A securities account consists of:

- (1) An account master record, and
- (2) A securities portfolio.

(b) *Security.* A security in TREASURY DIRECT is evidenced by the account master record and a description of the security as set out in the securities portfolio associated with an account master record.

(c) *Account master record.* An owner must establish an account master record before the owner may deposit a security in TREASURY DIRECT. If the security is being purchased on original issue, the request that an account master record be established may be made on the form used for purchase of the security. If the security is being acquired other than on original issue, the request that an account master record be established should be made on the appropriate form that is provided by the Department. The account master record includes, but is not limited to, the following data:

- (1) The exact form of registration in which the securities are held;
- (2) The TREASURY DIRECT account number;
- (3) The correspondence address for the account;
- (4) The TIN of the owner, or in the case of ownership by two individuals, of the first-named owner; and
- (5) Payment instructions. (See § 357.26.)

(d) *Securities portfolio.* The securities portfolio contains a description of each security and is the aggregate of all securities in the securities account.

(e) *Statement of account.* The Department shall send a statement of account (statement):

(1) Upon the establishment of an account master record;

(2) Upon a change in the securities portfolio;

(3) At an owner's request; or

(4) Upon the determination on December 31 that an owner has not received a statement of account for that current calendar year.

The statement shall contain information regarding the account as of the date of such statement. The price associated with each security in the securities portfolio will also appear on the statement.<sup>1</sup> The statement may be sent

<sup>1</sup>IRS regulations require reporting of income information on a security.

(1) If the security is a bill, the price information will be used to comply with this requirement. The earnings reported to IRS for the year of a bill's maturity will be the difference between the par value of the bill and its price.

(a) If a bill is deposited in TREASURY DIRECT at original issue, the price shown will be the issue price.

(b) If a bill is transferred to TREASURY DIRECT from TRADES, the price shown will be that included in the transfer wire or supplied subsequently by the bill owner. If a price is not furnished, the price shown will be the weighted average price of the bill of the longest maturity having the identical CUSIP number.

(c) If a bill is transferred from one TREASURY DIRECT account to another, the price shown in the receiving (transferee's) account will be that shown on the transfer instructions or supplied subsequently by the transferee. If a price is not furnished, the price shown will be the weighted average price at original issue of the bill of the longest maturity having the identical CUSIP number, unless the term of the bill can be determined from the account record in which case the price shown will be the weighted average price at original issue of the bill with that term.

(2) If the security is a note or bond, the earnings reported to IRS for a year will be the periodic interest payments made during that year. If a note or bond is transferred to a TREASURY DIRECT account between interest payment dates, the earnings reported to IRS for the transferee will show the interest for the entire interest payment period. The price for notes and bonds will be shown on the statement of account for the account owner's information. The price shown will be determined following the procedures described above for bills.

(3) The security owner should report directly to the IRS (a) adjustments to annual

*Continued*

## § 357.21

to the correspondence address designated in the account master record, or may be sent by electronic means. When the statement is issued as a result of a change in ownership of a security, statements will be sent, where appropriate, to both the former and current owners. Other information regarding the account may be obtained in accordance with § 357.24.

(f) *Confirmation notice.* The Department shall send a confirmation notice (notice):

(1) Upon a change in an account master record;

(2) Upon scheduling or canceling a re-investment; or

(3) To confirm the interest earned on a Treasury Inflation Indexed Security. The notice shall contain information regarding the account as of the date of such confirmation. The notice may be sent to the correspondence address designated in the account master record, or may be sent by electronic means. All changes reflected in paragraph (f) (1) and (2) of this section will be included in the next regularly scheduled statement of account. See paragraph (e) of this section for the statement schedule.

(g) *Account maintenance fees.* An annual maintenance fee shall be charged for each TREASURY DIRECT securities account holding securities that in the aggregate exceed a stipulated par amount. The amount of the fee will be published by notice in the FEDERAL REGISTER.

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986, as amended at 60 FR 4377, Jan. 23, 1995; 62 FR 18004, Apr. 11, 1997; 62 FR 32033, June 12, 1997]

### § 357.21 Registration.

(a) *General.* (1) Registration of a security conclusively establishes ownership, except in the case of partnership nominees, in which case the Department reserves the right to treat the registration as conclusive of ownership. The registration may not, except

earnings amounts arising from acquisition of notes and bonds between interest payment periods and (b) price corrections for bills reported after preparation of the reports to the IRS.

## 31 CFR Ch. II (7-1-02 Edition)

as provided in this Subpart, include any restriction on the authority of an owner to change the data in the account master record, transfer the security, or effect any other change in the securities portfolio.

(2) The registration of all securities held by an owner should be uniform with respect to the owner's name. An owner must be identified by the name by which the owner is ordinarily known, preferably including at least one full given name. A suffix, such as *Sr.* or *Jr.*, must be included when ordinarily used, or when necessary to distinguish members of the same family.

(3) If an additional security is deposited in an existing account, the security will be registered in the same name and form of registration that appears in the designated account master record. One who holds a security as *John Allen Doe* should use that name when depositing another security rather than *J. Allen Doe*, or *John A. Doe*. *Minor variations in names used in acquiring a security to be deposited in an established account may be resolved by the Department.*

(b) *Natural persons.* A security may be registered in the names of one or two individuals, but only in one of the following forms:

(1) *Single ownership.* In the name of one individual.

*Example:* Robert W. Woods

An individual who is sole proprietor of a business conducted under a trade name may include a reference to the trade name.

*Example:* John A. Doe, doing business as Doe's Home Appliance Store.

(2) *Ownership by two individuals—(i) "And" form—Joint Ownership—(A) Without right of survivorship.* In the names of two individuals, joined by the word "and", and followed by the words "without right of survivorship". A security so registered shall conclusively confer on each owner an undivided interest in the security.

*Example:* Elizabeth Black and Jane Brown, without right of survivorship.

Any request for registration which purports, by its terms, to preclude the right of survivorship, or which requests

## Fiscal Service, Treasury

## § 357.21

registration in the names of two persons without indicating whether survivorship rights attach (other than a registration under paragraph (b)(2)(ii) of this section), will be presumed to be a request for registration without right of survivorship. If a security is registered in this form, a transaction request, other than a request by one owner to transfer the security to the other owner, and other than a request for reinvestment, must be executed by both owners.

(B) *With right of survivorship.* In the names of two individuals, joined by the word “and”, and followed by the words “with right of survivorship”. A security so registered shall confer on each owner an undivided interest in the security and shall create a conclusive right of survivorship.

*Example:* Mark A. Doe and Mary B. Doe, with right of survivorship.

If a security is registered in this form, a transaction request, other than a request by one owner to transfer the security to the other owner, and other than a request for reinvestment, must be executed by both owners.

(ii) *“Or” form—“Coownership”.* In the names of two individuals, joined by the word “or”. A security so registered shall confer on each owner an undivided interest in the security and shall create a conclusive right of survivorship.

*Example:* Robert Woods or Laura Woods.

If a security is registered in this form, either coowner may make a transaction request, but if the Department receives conflicting requests at or about the same time, it may refuse to process them.

(iii) *Beneficiary.* In the name of one individual followed by the words “Payable on death to” (or “P.O.D.”) another individual.

*Example:* Jack S. Jones, payable on death to Marie Jones.

If a minor or an incompetent is named as a beneficiary, the status of the beneficiary must be identified in the registration. A minor or an incompetent may not be designated as an owner. See paragraphs (b)(3) and (4) of this section.

*Example:* John Perry, P.O.D. John Perry, Jr., a minor.

Registration in this form shall create ownership rights in the beneficiary only if the beneficiary survives the owner. During an owner’s lifetime, a transaction request may be executed by the owner without the consent of the beneficiary. If the beneficiary dies before the owner, the security will be deemed to be registered in the owner’s name alone.

(3) *Minors—(i) General.* A security may not be registered in the name of a minor in his or her own right as an owner. If a security is so registered and the Department thereafter receives evidence or information of that fact, the Department may suspend processing of any transaction request with respect to the security until either a legal guardian has been appointed or a natural guardian, as provided in paragraph (b)(3)(ii) of this section, has been recognized. Where a legal guardian is appointed, the Department will require a certified copy of the court order making such appointment. See § 357.28(c).

(ii) *Natural guardians of minors.* A security may be registered in the name of a natural guardian of a minor for whose estate no legal representative has been appointed. The parent with whom the minor resides will be recognized as the natural guardian. If the minor resides with both parents, either or both may be recognized as natural guardian(s). If the minor does not reside with either parent, the Department may recognize the person who furnishes the minor’s chief support as the natural guardian.

*Examples:* Michael Jones, as natural guardian of Alice Jones, a minor.

Michael Jones and Evelyn Jones, as natural guardians of Alice Jones, a minor.

The security may also be registered in one of the forms authorized under paragraph (b)(2) of this section.

*Examples:* James Green, as natural guardian of William Green, a minor, and Anne Green, without right of survivorship.

James Green, as natural guardian of William Green, a minor, POD Lynne Green.

(iii) *Custodian under statute authorizing gifts to minors.* A security may be

## § 357.21

registered as provided under an applicable gift to minors statute.

*Example:* Virginia McDonald, as custodian for Lynne Gorman, under the New York Uniform Gifts to Minors Act.

Any request to alter the rights of ownership of the security must be made as provided in the applicable statute.

(4) *Incompetents*—(i) *General.* A security may not be registered in the name of an individual in his or her own right as an owner if that individual is incompetent. If a security is so registered, or if the owner subsequently becomes incompetent after the security is purchased, and the Department receives evidence or information of that fact, the Department may suspend any transaction with respect to the security until a legal guardian, conservator, or other representative of the incompetent's estate has been appointed, or a voluntary guardian, as provided in paragraph (b)(3)(ii) of this section, has been recognized. Where a legal guardian, conservator, or other representative is appointed, the Department will require a certified copy of the court order making such appointment. See § 357.28(c).

(ii) *Voluntary guardian of incompetent.* If a legal guardian has not been appointed, and the face amount of the securities held in one or more accounts in TREASURY DIRECT by an owner who had become incompetent does not exceed, in the aggregate, \$20,000 (par amount), upon submission to, and approval by, the Department of an appropriate form, a relative or other person responsible for an incompetent's care and support will be recognized as voluntary guardian for purpose of making a transaction request under § 357.28(b)(4). All persons known by the Department to have an interest in the incompetent's estate, as required by the application form, must agree to the designation of the voluntary guardian. The security may be re-registered in the name of the voluntary guardian.

*Example:* Richard Melrose, as voluntary guardian for James W. Brundige.

(c) *Representatives.* A security may be registered in the name of a representative of an estate. If there is more than one representative, the names of some representatives may be omitted if fol-

## 31 CFR Ch. II (7-1-02 Edition)

lowed by language that indicates the existence of other representatives. In such cases, those named in the registration shall be conclusively presumed by the Department to have authority to make a transaction request on behalf of all the representatives. The form of registration must identify the specific capacity of the representative(s) and the estate represented.

*Examples:* ABC National Bank of Chicago, Illinois and Harold Smith, co-executors of the will (or administrators of the estate) of Charles Johnson, deceased.

William Brown, guardian of the estate of Henry Jones, a minor.

Robert Smith, Richard Smith, *et al.*, executors of the will of Lorraine Smith, deceased.

If the representative is a trustee, the form of registration must identify specifically the authority or document creating the trust.

*Examples:* Sarah Jones and XYZ Trust Co., trustees under the will of Matthew Smith, deceased.

Cynthia Doe and Margaret Jones, trustees under agreement with Martha Roe, dated April 13, 1979.

Cynthia Doe, trustee under declaration of trust, dated April 13, 1979.

Richard Smith, James Jones, and Frank Brown, trustees under the will of Henry K. James, deceased.

ABC Corporation, Myrna Banker, *et al.*, trustees of Profit-Sharing Plan of Ace Manufacturing Co., under B/D resolution, dated May 18, 1975.

If there are several trustees designated as a board or authorized to act as a unit, their names should be omitted and the words, "Board of Trustees" substituted.

*Example:* Board of Trustees of Super Co. Retirement Fund, under collective bargaining agreement, dated March 18, 1969.

An organization (other than a bank) or individual seeking to act as trustee or custodian of an Individual Retirement Account ("IRA"), must be authorized to so act by the Internal Revenue Service. As appropriate, registration of the security should be in the form shown below:

*Examples:* ABC Bank, trustee for John Doe IRA, under agreement dated December 21, 1990.



## Fiscal Service, Treasury

## § 357.21

EFG Broker, Inc., custodian for Mary Smith IRA, under agreement dated September 4, 1991.

(d) *Private organizations (corporations, unincorporated associations and partnerships)*. A security may be registered in the name of a private corporation, unincorporated association, or partnership. The full legal name of the organization, as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other documents from which its powers are derived, must be included in the registration. The name may be followed by a reference to a particular account or fund, other than a trust fund, such as an escrow account.

(1) *A corporation*. The legal name of a business, fraternal, religious, or other private corporation must be followed by descriptive words indicating the corporate status unless the term *corporation* or the abbreviation *Inc.* is part of the name or the name is that of a corporation or association organized under Federal law, such as a national bank or Federal savings and loan association.

*Examples:* Brown Manufacturing Co., a corporation (Education Fund).

The Apex Manufacturing Corporation.

XYZ National Bank of El Paso, TX.

Goodworks, Unlimited, a not-for-profit corporation.

(2) *An unincorporated association*. Unless the name of a lodge, club, labor union, veterans or religious organization, or similar organization which is not incorporated (whether or not it is chartered by or affiliated with a parent organization which is incorporated) includes the words *an unincorporated association*, the registration must include descriptive words indicating the organization's unincorporated status. A security may not be registered in the name of an unincorporated association if the legal title to its property or the legal title to the funds with which the security is to be purchased is held by trustees. In such a case, the security should be registered in the name of the trustees in accordance with paragraph (c) of this section. The term *unincorporated association* should not be used

to describe a trust fund, a partnership or a business conducted under a trade name.

*Examples:* Local Union No. 13, Brotherhood of Operating Engineers, an unincorporated association.

The Simpson Society, an unincorporated association.

(3) *Partnership*. Unless the name of a partnership includes the word *partnership*, the registration must include descriptive words indicating partnership status.

*Examples:* Red & Blue, a partnership.

Abco and Co., a nominee partnership.

(e) *Governmental entities and officers*. A security may be registered in the name of a State, county, city, town, village, school district, or other governmental entity, body, or corporation established by law. If a governmental officer is authorized to act as a trustee or custodian, a security may be registered in the title, or name and title, of the governmental officer. The form of registration should reflect the capacity in which the governmental entity or officer is authorized to hold property (*e.g.*, it may be authorized to hold property in its own name or as trustee or custodian).

*Examples:* Laura Woods, Treasurer, City of Twin Falls, Mo.

State of Michigan.

Village of Gaithersburg, Md.

Pennsylvania State Highway Administration (Highway Road Repair Fund).

Insurance Commissioner of Florida, trustee for benefit of policy holders of Sunshine Insurance Co. under F.S.A. Sec. 629.104.

Commonwealth of Virginia, in trust for Virginia Surplus Property Agency.

Gleason County Cemetery Commission, trustee under Md. Code Ann. Sec. 310.29.

(f) *The United States Treasury*. A security may be registered in the name of an individual, with the United States Treasury as beneficiary, provided a reference to the statute which authorizes gifts to be made to the United States to reduce the public debt, is included.

## § 357.22

*Example:* John S. Green, payable on death [or P.O.D.] to U.S. Treasury to reduce the public debt (31 U.S.C. 3113).

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986, as amended at 57 FR 38774, Aug. 27, 1992]

### § 357.22 Transfers.

(a) *General.* A security may be transferred only as authorized by this part. A security may be transferred from an account in *TreasuryDirect* to an account in TRADES, or from an account in TRADES to an account in *TreasuryDirect*. A security may also be transferred between accounts in *TreasuryDirect*. The Department may delay transfer of a newly purchased security from a *TreasuryDirect* account to an account in TRADES for a period not to exceed (30) calendar days from the date of issue. This provides time for the investor to become aware of any unauthorized debits.

(1) *Identification of securities to be transferred.* The owner must identify the securities to be transferred within TREASURY DIRECT, or from TREASURY DIRECT to TRADES, in the manner required by the transaction request form. If such identification is not provided, the request will not be processed and will be returned.

(2) *Denominational amounts.* A security may be transferred from an account only in a denominational amount authorized by the offering under which the security was issued. Any security remaining in the securities portfolio after the transfer must also be in an authorized denominational amount.

(3) *When transfer effective.* A transfer of a security within TREASURY DIRECT, or from TRADES to TREASURY DIRECT, is effective when an appropriate entry is made in the name of the transferee on the TREASURY DIRECT records. A transfer from TREASURY DIRECT to TRADES is effective as provided in Subpart B. If a transfer of a security from a transferor in TREASURY DIRECT to a transferee in TRADES cannot be completed, and the security is sent back to TREASURY DIRECT, the Department will reposit the security in the transferor's

## 31 CFR Ch. II (7-1-02 Edition)

account and treat the transferor as the owner.

(b) *Transfer to Federal Reserve Bank for sale of securities in the secondary market.* (1) Upon authorization by the investor, an unmatured security may be transferred to a Federal Reserve Bank acting as the designated fiscal agent of the United States, to be sold on behalf of the investor.

(2) *Definitions.* In this section, unless the context indicates otherwise:

*Dealer* means an entity that is registered or has given notice of its status as a government securities broker or government securities dealer, pursuant to Section 15C(a)(1) of the Securities Exchange Act of 1934.

*Par amount* means the stated value of a security at original issuance.

*Price* means the dollar amount to be paid for a security expressed as a percent of its current par amount.

*Security* means any amount held in a TREASURY DIRECT account which is represented by a separate CUSIP number.

*Settlement amount*, also referred to as net amount, is the amount deposited by the Federal Reserve Bank to the account of the investor at the financial institution designated by the investor to receive TREASURY DIRECT payments. This amount is equal to the par amount of the securities multiplied by the price, plus any accrued interest, and less the transaction fee. For inflation indexed securities, the settlement amount also includes any applicable inflation adjustment, as provided in 31 CFR Part 356. The settlement amount may be less than the par amount of the security.

*Settlement date* is the date the settlement amount is released to the account at the financial institution designated by the investor for receipt of TREASURY DIRECT payments.

*Trade date* means the date on which the Federal Reserve Bank enters into an agreement with a dealer for the sale of the security.

*Yield*, also referred to as yield to maturity, means the annualized rate of return to maturity on a fixed principal security expressed as a percentage. For an inflation-indexed security, yield means real yield, as defined in 31 CFR part 356.

(3) *Procedure.* On an approved Treasury form, the owner must authorize a transfer of the security from the investor's TREASURY DIRECT account to the designated Federal Reserve Bank, and authorize the Federal Reserve Bank to sell the security. Rules in subpart C of this part governing the transfer of securities will apply to the transfer of the security to the Federal Reserve Bank. Generally, on the day that the security is transferred to the Federal Reserve Bank, the Federal Reserve Bank will make reasonable efforts to obtain a price quote from at least three dealers, and will enter into an agreement to sell the security to the dealer with the highest price quote for next day settlement. What constitutes reasonable effort shall be determined solely by the Federal Reserve Bank. On the next full business day after the trade date, the settlement amount shall be released by direct deposit (electronic funds transfer), as provided in §357.26 of this part, to the account at the financial institution designated by the investor to accept TREASURY DIRECT payments, except when the Department determines that extraordinary circumstances exist that require payment by other means. In the event that the Federal Reserve Bank is unable to obtain at least one price quote for the security, the security will be returned to the TREASURY DIRECT account of the investor on the next full business day following the receipt of the securities by the Federal Reserve Bank, and the Federal Reserve Bank will notify the investor.

(4) *Confirmation.* The Federal Reserve Bank will send a confirmation of the sale to the investor upon completion of the transaction. Such confirmation will include such information as price, trade date, settlement date, settlement amount, also referred to as net amount, transaction fee, and yield to maturity.

(5) *Price.* By authorizing the transfer and sale of the securities, the investor agrees to accept the price received by the Federal Reserve Bank from the dealer selected as having the highest price quote.

(6) *Transaction fee.* A transaction fee shall be charged for each security sold on behalf of the investor. If the Federal

Reserve Bank is unable to complete the sale of the security, no fee will be charged. By authorizing the sale of the security, the investor authorizes the Federal Reserve Bank to withhold the transaction fee prior to the Federal Reserve Bank initiating the payment of the settlement amount to the account at the financial institution designated by the investor to receive TREASURY DIRECT payments. The amount of the transaction fee will be published by notice in the FEDERAL REGISTER.

(7) *Termination.* This service may be terminated at anytime without prior notice at the discretion of the Department.

(8) *Rights.* The provisions applicable to TREASURY DIRECT transactions in subpart C shall apply to this section. The provisions applicable to transactions in TRADES in subpart B shall not apply to this section.

(9) *Irrevocability.* The authorization of the investor for the transfer and sale of the securities shall be irrevocable when the transfer from the TREASURY DIRECT account of the investor to the account at the Federal Reserve Bank is effected.

(10) *Liability.* The Department and the designated Federal Reserve Bank shall not be liable for changes in market conditions affecting the price received for the security, or for any loss which the investor may incur as a result of the transaction or the inability of the Federal Reserve Bank to complete the transaction.

(c) *Transfer upon death of an owner—*

(1) *Right of survivorship.* If a security is registered in beneficiary form or a form which provides for a right of survivorship, upon the death of an owner, the beneficiary or survivor shall be the sole and absolute owner, notwithstanding any purported testamentary disposition by the decedent and notwithstanding any State or other law to the contrary. The Department will honor a transaction request by a beneficiary or a survivor (in the case of a security registered in the form described in §357.21(b)(2)(i)(B)) only upon proof of death of an owner.

(2) *Succession under law of domicile.* If a security is registered in a form that does not provide for a right of survivorship, succession shall be determined in

**§ 357.23**

**31 CFR Ch. II (7-1-02 Edition)**

accordance with the applicable law of the deceased owner's domicile at the time of death.

(d) *Representative succession.* If a security is registered in the name of a representative who has died, resigned, or been removed, succession shall be determined in accordance with applicable law and the terms of the document under which the representative was acting.

(e) *Organizational succession—(1) Corporation and unincorporated association.* If a security is registered in the name of a corporation or an unincorporated association that has been dissolved, merged or consolidated into another organization, succession shall be determined in accordance with applicable law and the terms of the documents by which the dissolution, merger, or consolidation was effected.

(2) *Partnership.* If a partnership is dissolved or terminated, succession shall be determined in accordance with applicable law and the terms of the partnership agreement.

(f) *Succession of governmental officer.* If a security is registered in the name and title of a governmental officer who has died, resigned, or has been removed, succession shall be determined in accordance with applicable law.

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986, as amended at 53 FR 10074, Mar. 29, 1988; 62 FR 46861, Sept. 4, 1997; 64 FR 6527, Feb. 10, 1999]

**§ 357.23 Judicial proceedings—sovereign immunity.**

(a) *Department and Federal Reserve Banks not proper parties.* The Department and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a security held in TREASURY DIRECT nor are they subject to any injunction or restraining order issued with respect to a security. The Department will not recognize a notice of a pending or contemplated judicial or administrative proceeding affecting a security in TREASURY DIRECT.

(b) *Orders—(1) Ownership rights.* The Department will recognize a final order entered by a court that affects owner-

ship rights in a security in TREASURY DIRECT if:

(i) The order is consistent with the provisions of this subpart and the terms and conditions of the security; and

(ii) The Department has received evidence of the order, as provided in paragraph (c) of this section.

(2) *Transaction request.* The Department will honor a transaction request submitted by a person appointed by a court and having authority under an order of a court to dispose of the security or payment with respect thereto if:

(i) The ordered disposition of the security or payments with respect thereto is consistent with the provisions of this subpart and the terms and conditions of the security; and

(ii) The Department has received evidence of the appointment and order, as provided in paragraph (c) of this section.

(c) *Evidence required.* Before the Department will recognize an order or determination entered by a court, the Department must have received a certified copy of the judgment, decree, or order and any additional documents deemed necessary by the Department. A certificate from the clerk of the court, bearing the seal of the court, must also be submitted stating that the judgment, decree, or order is still in full force and has not been stayed or appealed, and that the time for filing an appeal has passed. Before the Department will honor a transaction request submitted by a person appointed by a court, the Department must receive a certified copy of the order making the appointment and describing specifically the person's authority, and any additional documents deemed necessary by the Department.

(Approved by the Office of Management and Budget under control number 1535-0068)

**§ 357.24 Availability and disclosure of TREASURY DIRECT records.**

(a) *General.* All records with respect to a TREASURY DIRECT account are held confidential. Consistent with the Privacy Act (5 U.S.C. 552a), information relating to those accounts will be released only to the owner except:

(1) As provided in these regulations;

## Fiscal Service, Treasury

## § 357.27

(2) As provided in Treasury regulations contained in 31 CFR Part 323; or  
(3) As otherwise provided by law.

(b) *Inquiries by owners.* Information requested will be disclosed to an owner provided that:

(1) Sufficient information is provided to identify the owner; and

(2) Sufficient information is provided to identify the TREASURY DIRECT account.

(c) *Conditions for release.* A request for information will be honored only if, in the sole judgment of the Department or the Federal Reserve Bank to which the inquiry is made, the identity and right of the requester to the information have been established.

[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986]

### § 357.25 Security interests.

(a) *General.* The Department will not recognize any notice or claim of a lien, encumbrance, or security interest of any kind, including a pledge, in a security in TREASURY DIRECT except as provided in § 357.23 and in paragraph (b) of this section.

(b) *Security for the performance of duty or obligation under Federal law.* The Department will accept and hold pursuant to the provisions of 31 U.S.C. 9303, book-entry bonds, notes or bills submitted in lieu of a surety bond as security for the performance of a duty or obligation required by Federal law in accordance with said section.

### § 357.26 Direct Deposit.

(a) *General.* A payment by the Department with respect to a security shall be by direct deposit unless it is deemed necessary by the Department to make payment by another means. Direct Deposit payments are governed by the regulations at 31 CFR part 370.

(b) *Names on account.* Where the TREASURY DIRECT securities account is in the name of individual(s) in their own right, and the deposit account at the financial institution is in the name of individual(s) in their own right, the two accounts must contain at least one name that is common to both.

(c) *Inquiry to financial institution.* Where the deposit account to which payments are to be directed is held in

the name of the financial institution itself acting as sole trustee, or as co-trustee, or is in the name of a commercially-managed investment fund, particular inquiry should first be made of the financial institution to make certain that the direct deposit payments can be received, and alternate arrangements made if it cannot do so.

(d) *Payments to master account.* All payments relating to a single account master record must be made to the same designated account at a financial institution.

(e) *Deposit account.* The deposit account to which payments are directed should preferably be established in a form identical to the registration of the securities account, particularly where the securities are registered jointly or with right of survivorship, to assure that the rights of ownership and of survivorship can be more easily identified and preserved. Neither the United States nor any Federal Reserve Bank shall be liable for any loss sustained because the interests of the holder(s) of a deposit account to which payments are made are not the same as the interests of the owner(s) of the security.

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986, as amended at 57 FR 38774, Aug. 27, 1992; 61 FR 6113, Feb. 16, 1996; 64 FR 40487, July 26, 1999]

### § 357.27 Reinvestment.

(a) *General.* Upon the request of an owner, the redemption proceeds of a security may be reinvested at maturity in a new security in the same form of registration, provided a new security is then being offered by the Department and provision for reinvestment is made in the offering. The new security must be in an authorized denominational amount and will be issued in accordance with the terms of the offering. If the new security is issued at a premium or with accrued interest, an additional payment will be required from the investor. If the new security is issued at a discount, the difference will be remitted to the owner.

(b) *Treasury bills.* A request by an owner for a single or successive reinvestment of a Treasury bill must be

made in accordance with the terms prescribed on the tender form submitted at the time of purchase of the original bill, or by a subsequent transaction request received not less than ten (10) business days prior to the maturity date of the bill. A request to revoke a direction to reinvest the proceeds of a bill must be received by the Department not less than ten (10) business days prior to the maturity date of the bill. If either a request for reinvestment or revocation of a reinvestment request is received less than ten (10) business days prior to maturity of the original bill, the Department may in its discretion act on such request if sufficient time remains for processing.

(c) *Issue date not coincidental with maturity date.* If the date on which a security matures or is called does not coincide with the issue date of the security being purchased through reinvestment, the Department may, at its option, hold the redemption proceeds in the same form of registration as the maturing or called security, but no interest shall accrue or be paid on such funds.

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986, as amended at 62 FR 18694, Apr. 16, 1997]

**§ 357.28 Transaction requests.**

(a) *General.* Unless otherwise authorized by the Department, a transaction request must be submitted on a transaction request form. In the case of certain transactions specified by the Department, the owner's signature on the form must be certified or guaranteed, as provided in § 357.31. If the transaction request form is received more than six (6) months after its execution, it will not be honored by the Department and will be returned to the sender for further instructions.

(b) *Individuals*—(1) *General.* A transaction request must be signed by the owner of the security. In addition to any required certification, a transaction request form executed by a person by mark, *e.g.*, "(X)", must be witnessed by a disinterested person. The following language should be added to the form and be signed by the witness:

Witness to signature by mark

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Address of witness

(2) *Change of name.* If an individual's name has been changed from that appearing in the registration, the individual should sign both names to the transaction request form and state the manner in which the change occurred.

*Example:* Deborah L. Gains, changed by order of court from Deborah G. O'Brien.

The individual must provide evidence, such as a certified copy of a court order, which confirms the change, unless it is indicated that the change of name resulted from marriage.

*Example:* Catherine M. Cole, changed by marriage from Catherine T. Murray.

(3) *Natural guardians.* A transaction request involving a security registered in the name of a natural guardian of a minor may be executed by the natural guardian. If a security is registered in the names of both parents as natural guardians of a minor, both must execute a transaction request. However, the Department will not honor a transaction request by the natural guardian(s):

(i) Which would transfer the security to a natural guardian in his or her own right; or

(ii) After the Department receives notice of the minor's attainment of majority, the qualification of a legal guardian or similar representative, or the death of the minor.

(4) *Voluntary guardians.* A transaction request involving a security belonging to an owner who has become incompetent may be executed by a voluntary guardian, but only after approval by the Department of the voluntary guardian's application for such designation. However, the Department will not honor a transaction request by the voluntary guardian:

(i) Which would transfer the security to a voluntary guardian in his or her own right; or

(ii) After the Department receives notice of the ward's restoration to competency, the qualification of a legal guardian or similar representative, or the death of the ward. See § 357.21(b)(4).

(c) *Representatives*—(1) *General*. A representative of an owner's estate, other than a trustee, may execute a transaction request form if the representative submits to the Department properly authenticated evidence of the authority to act. The evidence will not be accepted if dated more than six (6) months prior to the date of execution of the transaction request.

(2) *Estates closed*. If a security is registered in the name of an owner who is deceased and whose estate has been closed and the representative discharged, a transaction request must be made by the person(s) entitled to the security, as determined from the pertinent court records or the deceased owner's will, if any.

(3) *Estates not administered*—(i) *Special provisions under State laws*. If, under applicable State law, a person is entitled to or has been recognized or appointed to administer the estate of a deceased owner without court-supervised administration, that person may execute a transaction request involving a security belonging to the deceased owner, provided appropriate evidence of authority is submitted to the Department.

(ii) *Agreement of persons entitled*. If a representative of a deceased owner's estate has not been or is not to be appointed, the Department will honor an application for disposition of any securities belonging to the deceased owner pursuant to a written agreement provided that the Department is satisfied that:

(A) All persons entitled to share in the decedent's personal estate are parties to the agreement;

(B) Provision has been made for payment of all the decedent's debts; and

(C) The interests of any minors or incompetents have been protected.

(d) *Private organizations*—(1) *Corporations and unincorporated associations*. A transaction request involving a security registered in the name of a corporation or an unincorporated association (either in its own right or in a representative capacity), may be executed by an authorized person on its behalf. The request must be supported by evidence of the person's authority to act.

(2) *Partnerships*. A transaction request involving a security registered in

the name of a partnership must be executed by a general partner.

(e) *Government entities*. A transaction request involving a security registered in the name of a State, county, city, school district, or other governmental entity, public body or corporation, must be executed by a authorized officer of the entity. The request must be supported by evidence of the officer's authority to act.

(f) *Public officers*. A transaction request involving a security registered in the title of a public officer must be executed by the officer. The request must be supported by evidence of incumbency.

(g) *Attorneys-in-fact*. A transaction request made by an attorney-in-fact must be accompanied by the original power of attorney or a properly authenticated copy. A power of attorney must be executed in the presence of a notary public or a certifying individual. See §357.31. The power of attorney will not be accepted if it was executed more than two (2) years before the date the transaction request was executed, unless the power provides that the authority of the attorney-in-fact continues notwithstanding the incapacity of the principal. If two or more attorneys-in-fact are named, all must execute the transaction request unless the power authorizes fewer than all to act. A transaction request executed by an attorney-in-fact seeking transfer of a security to the attorney-in-fact will not be accepted unless expressly authorized by the document appointing the attorney-in-fact.

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986]

**§ 357.29 Time required for processing transaction request.**

For purposes of a transaction request affecting payment instructions with respect to a security, a proper request must be received not less than ten (10) business days preceding the next payment date. If a transaction request is received less than ten (10) business days preceding a payment date, the Department may in its discretion act on such request if sufficient time remains for processing. If a transaction request

**§ 357.30**

is received too late for completion of the requested transaction, the transaction request will be acted upon with respect to future payments only.

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986, as amended at 62 FR 18694, Apr. 16, 1997]

**§ 357.30 Cases of delay or suspension of payment.**

If evidence required by the Department in support of a transaction request is not received by the Department at least ten (10) business days before the maturity date of the security, or if payment at maturity has been suspended pursuant to 31 CFR 370.10, in cases of reinvestment, the Department will redeem the security and hold the redemption proceeds in the same form of registration as the security redeemed, pending further disposition. No other interest shall accrue or be paid on such proceeds after the security is redeemed.

[64 FR 40487, July 26, 1999]

**§ 357.31 Certifying individuals.**

(a) *General.* The following individuals may certify signatures on transaction request forms:

(1) Officers and employees of depository institutions, corporate central credit unions, and institutions that are members of Treasury-recognized signature guarantee programs who have been authorized:

- (i) Generally to bind their respective institutions by their acts;
- (ii) Unqualifiedly to guarantee signatures to assignments of securities; or
- (iii) To certify assignments of securities.

(2) Officers and authorized employees of Federal Reserve Banks.

(3) Officers of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives, the Central Bank for Cooperatives, and Federal Home Loan Banks.

(4) Commissioned officers and warrant officers of the Armed Forces of the United States but only with respect to signatures executed by Armed Forces personnel, civilian field employees, and members of their families.

**31 CFR Ch. II (7-1-02 Edition)**

(5) Such other persons as the Commissioner of the Public Debt or his designee may authorize.

(b) *Foreign countries.* The following individuals are authorized to certify signatures on transaction request forms executed in a foreign country:

(1) United States diplomatic or consular officials.

(2) Managers and officers of foreign branches of depository institutions and institutions that are members of Treasury-recognized signature guarantee programs.

(3) Notaries public and other officers authorized to administer oaths, provided their official position and authority are certified by a United States diplomatic or consular official under seal of the office.

(c) *Duties and liabilities of certifying individuals—* (1) *General.* Except as specified in paragraph (c)(2) of this section, a certifying individual shall require that the transaction request form be signed in the certifying individual's presence after he or she has established the identity of the person seeking the certification. An employee who is not an officer should insert the words "Authorized signature" in the space provided for the title. A certifying individual and the organization for which he or she is acting are jointly and severally liable for any loss the United States may incur as a result of the individual's negligence in making the certification.

(2) *Signature guaranteed.* The transaction request form need not be executed in the presence of a certifying individual if he or she unqualifiedly guarantees the signature, in which case the certifying individual shall, after the signature, add the following endorsement: "Signature guaranteed, First National Bank of Smithville, Smithville, NH, by A.B. Doe, President", and add the date. In guaranteeing a signature, the certifying individual and the organization for which he or she is acting warrant to the Department that the signature is genuine and that the signer had the legal capacity to execute the transaction request.

(3) *Absence of signature guaranteed by depository institution.* A transaction request form need not be actually signed



by the owner in any case where a certifying individual associated with a depository institution has placed an endorsement on the form reading substantially as follows: "Absence of signature by owner and validity of transaction guaranteed, Second State Bank of Jonesville, Jonesville, NC, by B.R. Butler, Vice President". The endorsement should be dated, and the seal of the institution should be added. This form of endorsement is an unconditional guarantee to the Department that the institution is acting for the owner under proper authorization.

(d) *Evidence of certifying individual's authority.* The authority of a certifying individual to act is evidenced by affixing to the certification the following:

(1) *Officers and employees of depository institutions.* The institution's seal or signature guarantee stamp; if the institution is an authorized paying agent for U.S. Savings Bonds, a legible imprint of the paying agent's stamp; or, if the institution is a member of the Security Transfer Agents Medallion Program (STAMP), a legible imprint of the STAMP signature guarantee stamp.

(2) *Officers and authorized employees of institutions that are members of Treasury-recognized signature guarantee programs.* A legible imprint of the program's signature guarantee stamp, e.g., the STAMP, SEMP, MSP stamp for members of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program, or the New York Stock Exchange Incorporated Medallion Signature Program, respectively.

(3) *Officers and authorized employees of Federal Reserve Banks.* Whatever is prescribed in procedures established by the Department.

(4) *Officers and employees of corporate central credit unions and other entities listed in paragraph (a)(3) of this section.* The entity's seal.

(5) *Notaries public, diplomatic or consular officials.* The official seal or stamp of the office. If the certifying individual has no seal or stamp, then the official's position must be certified by some other authorized individual, under seal or stamp, or otherwise proved to the satisfaction of the Department.

(6) *Commissioned or warrant officers of the United States Armed Forces.* A statement which sets out the officer's rank and the fact that the person executing the transaction request is one whose signature the officer is authorized to certify under the regulations in this part.

(7) *Such other persons as the Commissioner of the Public Debt or his designee may authorize.* The evidence specified by the Commissioner or his designee.

(e) *Interested persons not to act as certifying individual.* Neither the transferor, the transferee, nor any person having an interest in a security involved in the transaction may act as a certifying individual. However, an authorized officer or employee of a depository institution or of an institution that is a member of a Treasury-recognized signature guarantee program may act as a certifying individual on a transaction request for transfer of a security to the institution, or any request executed by another individual on behalf of the institution.

[59 FR 59038, Nov. 15, 1994]

#### **§ 357.32 Submission of transaction requests; further information.**

Transaction requests and requests for forms and information may be submitted to any Federal Reserve Bank or to the Bureau of the Public Debt, TREASURY DIRECT, Washington, DC 20239-0001. A list of the addresses of Federal Reserve Banks will be available upon request to the Bureau. The Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform such functions as may be delegated to them by the Department in order to carry out the provisions of this part.

### **Subpart D—Additional Provisions**

#### **§ 357.40 Additional requirements.**

In any case or any class of cases arising under these regulations, the Secretary of the Treasury ("Secretary") may require such additional evidence and a bond of indemnity, with or without surety, as may in the judgment of the Secretary be necessary for the protection of the interests of the United States.

## § 357.41

### § 357.41 Waiver of regulations.

The Secretary reserves the right, in the Secretary's discretion, to waive any provision(s) of these regulations in any case or class of cases for the convenience of the United States or in order to relieve any person(s) of unnecessary hardship, if such action is not inconsistent with law, does not adversely affect any substantial existing rights, and the Secretary is satisfied that such action will not subject the United States to any substantial expense or liability.

[61 FR 43630, Aug. 23, 1996]

### § 357.42 Liability of Department and Federal Reserve Banks.

The Department and the Federal Reserve Banks may rely on the information provided in a tender, transaction request form, or Transfer Message, and are not required to verify the information. The Department and the Federal Reserve Banks shall not be liable for any action taken in accordance with the information set out in a tender, transaction request form, or Transfer Message, or evidence submitted in support thereof.

[61 FR 43630, Aug. 23, 1996]

### § 357.43 Liability for transfers to and from TREASURY DIRECT.

A depository institution or other entity that transfers to, or receives, a security from TREASURY DIRECT is deemed to be acting as agent for its customer and agrees thereby to indemnify the United States and the Federal Reserve Banks for any claim, liability, or loss resulting from the transaction.

### § 357.44 [Reserved]

### § 357.45 Supplements, amendments, or revisions.

The Secretary may, at any time, prescribe additional supplemental, amendatory or revised regulations with respect to securities, including charges and fees for the maintenance and servicing of securities in book-entry form.

## 31 CFR Ch. II (7-1-02 Edition)

### APPENDIX A TO PART 357—DISCUSSION OF FINAL RULE

#### BACKGROUND

Twenty-four written comments were received to the notice of proposed rulemaking from various sources, including Federal agencies, trade associations, as well as financial and commercial investment institutions. With the exception of one bank, all commentators endorsed the concept of a certificateless security.

The grouping and identification of the comments received have been made on a section-by-section basis, with an explanation of the action taken with respect thereto. As circumstances necessitated the publication of the rule in two segments, in order to make each part more understandable, certain definitions, such as those for "Department" and "securities", have appeared in the proposed rule for both TREASURY DIRECT and TRADES, and were slightly modified in the proposed rules on TRADES. Because these modifications represent non-substantive clarifications, and to avoid confusion as between the two portions of the rules, the definitions as used in TRADES have been adopted.

#### SECTION-BY-SECTION ANALYSIS

##### *Section 357.21 Registration.*

The forms of registrations provided for securities to be held in TREASURY DIRECT have different legal effect from those currently provided for in the case of definitive Treasury securities and for the Treasury's book-entry Treasury bill system. A comment was received that, as a result, this could lead to some confusion, and that the Treasury bill forms of recordation currently offered should be changed, particularly since Treasury bills will be phased into TREASURY DIRECT gradually. The Bureau believes that the benefits of uniformity of rights and interests that TREASURY DIRECT investors will derive far outweigh any possible confusion. As for confusion with the current Treasury bill book-entry system, given the fact that Treasury bills have a term of not more than a year, it is believed that the problem, if any, will be short-lived.

Given the importance of the change that TREASURY DIRECT provides as to registration, the discussion thereof that accompanied the Notice of Proposed Rulemaking is re-published below.

"*Forms of Registration.* The proposed rule provides the investor with a variety of registration options. They are essentially similar to those provided for registered, definitive marketable Treasury securities. Investors should be particularly aware that,

where the security is held in the names of two individuals, the registration chosen may establish rights of survivorship.

"The reason for establishing the rights of ownership for securities held in TREASURY DIRECT is that it will give investors the assurance that the forms of registration they select will establish conclusively the rights to their book-entry securities. It will also serve to eliminate some of the uncertainties, as well as possible conflicts, between the varying laws of the several States.

"A Federal rule of ownership is being adopted by the Treasury for TREASURY DIRECT securities. This regulatory approach is consistent with the one previously taken in the case of United States Savings Bonds. It will have the effect of overriding inconsistent State laws. See, *Free v. Bland*, 369 U.S. 663 (1962).

"In the case of individuals (who are likely to be by far the majority of holders of securities in TREASURY DIRECT), the options offered will permit virtually all the preferred forms of ownership. At the investor's option, it will be possible to provide for the disposition of the securities upon death through rights of survivorship.

"*Coownership registration.* One option is the coownership form of registration, i.e., "A or B." Unlike the current Treasury bill book-entry system being administered by the Bureau of the Public Debt, a security held in TREASURY DIRECT registered in this form will be transferable upon the written request of *either* coowner. Other changes in the account may also be made upon the request of *either* party. While this form of registration will facilitate the receipt of payments and provide ease in conducting transactions, care should obviously be exercised in designating a coowner.

"*Joint ownership.* For those who would prefer to have the transferability of a security held in two names contingent upon the request of both, the joint form of registration will be appropriate. This form of registration, i.e., "A and B, with [without] the right of survivorship," will require the agreement of both parties to conduct any authorized transaction.

"*Beneficiary form.* The beneficiary form, i.e., "A payable on death to (POD) B," will permit the owner to have sole control of the account during his/her lifetime, but in the event of death, the account will pass by right of survivorship to the beneficiary."

One commentator questioned the "natural guardian" and "voluntary guardian" forms of registration provided in the regulations, pointing out that financial institutions are reluctant to establish an account in the name of a natural guardian of a minor because of the uncertainties as to who might be entitled to the funds on the death of the natural guardian or minor, or when the minor reached majority. It was mentioned

that a bank would be reluctant to open an account in the name of a voluntary guardian, or to release funds from an existing account to a voluntary guardian because of the potential risk in the event of a claim from a court-appointed guardian. It seems apparent that the comment was prompted by the provision that appeared in the proposed rule that the account held in TREASURY DIRECT and the deposit account to which payments are to be directed should be in the same form. As hereafter pointed out in the discussion under the payment section, this is not a requirement.

While parents are universally recognized as the natural guardians of the person of minors, they have generally not been recognized as entitled to control the estates of these minors, except perhaps in the case of small amounts. Traditionally, the guardian of the estate of a minor involves judicial appointment and supervision. In order to provide a means of dealing with the problem of disposing of securities inadvertently registered in the name of minors without requiring the appointment of a legal guardian and to provide a means for investing funds of a minor, which did not technically qualify for investment under the Uniform Gifts to Minors Act, the Department decided to provide recognition for natural guardians.

The voluntary guardianship procedure is wholly a creature of the Department's regulations. It was established in recognition of the burden placed on an incompetent's estate and his/her family by requiring the appointment of a legal guardian to receive the interest on, or to redeem securities for, the account of an individual who has become incompetent, at least where the incompetent's estate is relatively modest. This form of registration is not available on original issue and is limited to an aggregate of \$20,000 (par amount) of TREASURY DIRECT securities. The \$20,000 limit in connection with the use of the voluntary guardianship procedure is in keeping with the limits used in connection with the summary administration of decedents' estates under the laws of many States.

#### *Section 357.23 Judicial proceedings.*

No comments were received regarding the provisions on judicial proceedings. Given their importance, the discussion that accompanied the publication thereof in proposed form is included here.

*Judicial proceedings.* Under the principle of sovereign immunity, neither the Department nor a Federal Reserve Bank, acting as fiscal agent of the United States, will recognize a court order that attempts to restrain or enjoin the Department or a Federal Reserve Bank from making payment on a security or from disposing of a security in accordance with instructions of the owner as shown on the Department's records.

“The Department will recognize a final court order affecting ownership rights in TREASURY DIRECT securities provided that the order is consistent with the provisions of subpart C and the terms and conditions of the security, and the appropriate evidence, as described in §357.23(c), is supplied to the Department. For example, the Department may recognize final orders arising from divorce or dissolution of marriage, creditor or probate proceedings, or cases involving application of a State slayer’s act. The Department will also recognize a transaction request submitted by a person appointed by a court and having authority under an order of a court to dispose of the security or payment with respect thereto, provided conditions similar to those above are met.”

*Section 357.25 Security interests.*

TREASURY DIRECT is not designed to reflect or handle the various types of security interests that may arise in connection with a Treasury bond, note or bill. However, the Treasury has from time to time and to a limited extent held in safekeeping, for such agencies as the Customs Service and Immigration and Naturalization Service, Treasury securities submitted in lieu of surety bonds in accordance with 31 U.S.C. 9303. While the Federal Reserve Banks handle the majority of such pledges and will continue to do so, as this statute requires the Treasury to accept these Government obligations so pledged, a provision has been added for accepting and holding book-entry securities submitted for such purposes.

*Section 357.26 Payments.*

(a) *General.* Most comments focused on the provisions on payments. A key feature of TREASURY DIRECT will be the making of payments by the direct deposit method (also known as the electronic funds transfer or ACH method). Checks will be issued only under extraordinary circumstances. A number of comments endorsed the concept of payment by direct deposit as an improvement given the difficulties associated with checks.

One comment expressed concern as to who would have the burden of resolving errors in cases where a receiving financial institution fails to properly credit a payment. The Department has concluded that while the direct deposit payment method is not without risks, it is far superior to the use of checks, in terms of the risks, potential losses, and costs. In a case where a receiving institution fails to act in accordance with the instructions given it, the Bureau intends to use its best efforts to assist investors in rectifying the error.

(b) *Direct deposit.* A number of comments expressed the view that the TREASURY DI-

RECT payment system should adopt either the rules governing the direct deposit of Government payments (31 CFR part 210), or the rules of the National Automated Clearing House Association (“NACHA Rules”), but not separate rules. The final rules have adopted some of the existing practices applicable to commercial ACH payments, but it is not possible for the Department of the Treasury to conform to all of these rules. For example, the Treasury has no authority to indemnify recipients of direct deposit payments, although such indemnification by a sender is contemplated in the NACHA rules and was advocated in several comments. It should also be noted that the rules applicable to TREASURY DIRECT payments are modeled, to some extent, on the rules for Government direct deposit payments in order to take advantage of the large number of entities that are a part of the Government direct deposit network. See the discussion under paragraph (b)(2). Where there are unique rules applicable to TREASURY DIRECT, however, they are explained here.

Given the variance between the procedures set out in the proposed rules and existing practice, and the increased burdens resulting therefrom, several clearing house associations and financial institutions requested that the implementation of TREASURY DIRECT be delayed from July 1986 to July 1987. The Treasury is satisfied that the added burdens that would have been imposed on financial institutions to receive TREASURY DIRECT payments under the proposed rules have been effectively eliminated in the final rule. Thus, Treasury plans to implement the system on or about the original target date. The final rules are being published, however, in advance of actual implementation so as to give financial institutions an opportunity to make whatever remaining, minor procedural changes as may be necessary.

(b)(1) *Information on deposit account at financial institution.* The proposed regulations provided that the owner of a security in TREASURY DIRECT, or in the case of ownership by two individuals, the first-named owner, must be an owner of, and so designated, on the account at the receiving financial institution. The regulations also provided that in any case in which a security is held jointly or with right of survivorship, the account at the financial institution should be established in a form that assures that the rights of each joint owner or survivor will be preserved.

The rule requiring the naming of the first-named owner on the receiving financial institution account was based on tax reporting considerations. It has now been determined that the first-named security owner need not be named on the receiving deposit account.

The rule relating to establishment of the receiving account in joint ownership cases in

the same form as the registration of the security was intended to be a notice to investors of a potential problem, rather than a requirement. In cases where an investor intends a beneficiary, joint owner or coowner to receive securities after the investor's death, this intention may be defeated if the recipient is not also named on the receiving deposit account. It is up to the investor to examine his or her particular circumstances and determine whether the form in which the deposit account will be held is satisfactory. This matter has been clarified in paragraph (b)(1)(v) of the final rule. Except for the restriction described in paragraph (b)(1)(ii) (see below), the Treasury does not intend to establish any limitations on how the receiving deposit account is held.

Several comments addressed the issue of the registration of the security versus the title of the deposit account. Two comments pointed out that if the deposit account must be in the same form as the registration of the security, then existing traditional forms of ownership for bank accounts, which do not include all the forms of registration for securities held in TREASURY DIRECT, would not suffice. Concerns were also expressed that with multiple forms of ownership, financial institutions could become involved in disputes with investors. As noted above, there is no requirement that the TREASURY DIRECT account and the deposit account be identical. The responsibility to choose the title of the deposit account rests with the investor.

Another comment objected to the rule that the first-named security owner be named on the receiving deposit account because the rule would eliminate the possibility of payment to an account at a financial institution in the name of a mutual fund, security dealer, or insurance company. Although the change in the tax reporting rule described above permits payment to such accounts, as well as to trust accounts, since it appears that there is a question as to the capability of some receiving institutions to handle such payments, investors are strongly urged to consult their financial institution before requesting such payment arrangements. See paragraph (b)(1)(iii).

It should be emphasized that any payments that must be made by check will be made in the form in which the TREASURY DIRECT account is held, which may be different than the form of the deposit account. Investors should be aware that this may result in checks being issued, and thus payment being made, in a form different than they intended the direct deposit payments to be made. For example, if Investor A purchases a security in his or her name alone with instructions that payments be directed to a financial institution for the account of a money market fund, any checks that must be issued will be drawn in the name of Investor A. This could

happen if Investor A furnishes erroneous payment instructions and the problem cannot be resolved before a payment date, in which case a check would be issued.

The one restriction on the form of the deposit account that appears in paragraph (b)(1)(ii) of the final regulations is a rule that where the TREASURY DIRECT account is in the name of individual(s), and the receiving deposit account is also in the name of individual(s), one of the individuals on the TREASURY DIRECT account must be named on the deposit account. This rule is intended to provide a means to determine the disposition of the payment, if necessary. The Treasury does not expect financial institutions to monitor this rule.

Provision has been made in paragraph (b)(1)(vii) to permit financial institutions to request "mass changes" of deposit account numbers without the submission of individual requests from investors to TREASURY DIRECT. This procedure is intended for use where an institution changes all or an entire group of its account numbers, typically as a result of an organizational change. TREASURY DIRECT will honor requests from a financial institution to change deposit account numbers under such circumstances, with the understanding that the institution agrees to indemnify the Treasury and the security owners for any losses resulting from errors made by the institution. If the institutions does not wish to use the "mass change" procedure, then the change in account number must be requested by the investor, using the authorized transaction request form. See §357.28.

Some institutions voiced concern in general about investor errors in furnishing the TREASURY DIRECT a deposit account number and the financial institution's routing number. Although the Treasury plans to provide as much assistance to investors as possible, the investor must bear the responsibility for securing accurate payment information. Investors are urged to consult with their receiving institution to verify the accuracy of the payment information, since neither the Treasury nor the receiving financial institution would be responsible for payment errors resulting from erroneous information provided by investors.

The proposed rule provided in §357.26(b)(1)(iii) that the designation of a financial institution by a security owner to receive payments from TREASURY DIRECT would constitute the appointment of the financial institution as agent for the owner for the receipt of payments. The crediting of a payment to the financial institution for deposit to the owner's account, in accordance with the owner's instructions, would discharge the United States of any further responsibility for the payment. One comment noted that, in contrast, the rule in 31 CFR 210.13 for Federal recurring payments is that

the United States is not acquitted until the payment is credited to the account of the recipient on the books of a financial institution.

Although, in principle, the same rules should apply to all Government payments, the proposed TREASURY DIRECT rule has been retained in the final regulations on the basis of the major differences in the procedures to be used in TREASURY DIRECT. Most significantly, the Treasury will not be securing any written verification (*i.e.*, an enrollment form) from a financial institution as to the accuracy of the deposit account number and other payment information, as is now the practice in the case of payments under 31 CFR part 210. Under these circumstances, the Treasury cannot, in effect, guarantee that a payment will be credited by a financial institution to the correct account. It should also be noted that this rule on acquittance of the United States is consistent with the provision in §357.10(c) of the proposed regulations on TRADES. In practice, however, the Treasury plans to participate actively in seeking to locate and recover any payments that have been misdirected.

(b)(2) *Agreement of financial institution.* The proposed rule provided, in §357.26(b)(2), that a financial institution which has agreed to accept payments under 31 CFR part 210 shall be deemed to have agreed to accept payments from TREASURY DIRECT. The rule further provided that an institution could not be designated to receive TREASURY DIRECT payments unless it had agreed to accept direct deposit payments under 31 CFR part 210.

One financial institution commented that a receiving institution that has already agreed to accept part 210 payments should have the choice as to whether to accept payments from TREASURY DIRECT. The basis for this comment was the perception that the receipt of TREASURY DIRECT payments would require the implementation of special procedures by the financial institution and expose it to additional risks. As explained earlier, the Treasury has significantly modified the procedures and reduced the requirements imposed upon a financial institution in order to receive TREASURY DIRECT payments, and decreased as well the risks an institution will incur in the receipt of such payments. Thus, the proposed rule on eligibility of receiving institutions has been retained in the final rule in essentially the same form.

Two other comments were made to the effect that the category of institutions receiving payments should be broadened. In deciding to authorize payments to all institutions receiving part 210 payments, the Treasury considered the fact that many more institutions are designated endpoints for Government (direct deposit) payments than for

commercial ACH payments. In order to afford investors the widest choice of recipient institutions, all institutions that had agreed to accept part 210 payments were designated as authorized recipients. Treasury has now broadened the rule further to also authorize those financial institutions that are willing to agree to accept part 210 payments in the future. This rule will permit investors to designate institutions that are not now receiving Government direct deposit payments as the recipients of their TREASURY DIRECT payments if the institutions make appropriate arrangements with the Federal Reserve Bank of their District.

(b)(3) *Pre-notification.* A significant feature of the TREASURY DIRECT payment procedure will be the use of a pre-notification message sent to the receiving financial institution in advance of the first payment. This procedure, already in use for commercial ACH payments, alerts the institution that a payment will be made and provides an opportunity for verification of the accuracy of the account information.

The proposed regulations provided that the financial institution would be required to reject the pre-notification message within four calendar days after the date of receipt if the information contained in the message did not agree with the records of the institution or if for any other reason the institution would not be able to credit the payment. The rules also stated that a failure to reject the message within the specified time period would be deemed an acceptance of the pre-notification and a warranty that the information in the message was accurate.

Because there was some confusion over when the pre-notification message would be sent, the final rules clarify, in paragraph (b)(3)(i), that in most cases, this will occur shortly after establishment of a TREASURY DIRECT account. The Treasury has under consideration a system change that would permit a second pre-notification to be sent closer to the time of the payment if the first payment is to occur a substantial length of time after account establishment.

One of the items of information contained in a pre-notification message is the name the investor has indicated appears on the deposit account. Comments were received that existing procedures and software do not permit automatic verification of the account name. Although there is apparently some variation in practice, and some institutions undertake to verify the account name information manually, the Treasury has decided to drop the account name verification requirement in the final rules. This means that under paragraph (b)(3)(ii), a financial institution need only verify the account number and type designations on the pre-notification message. However, the Treasury urges institutions which are able to verify account

names to do so and encourages the development of software that would have this capability.

A number of comments urged that the four-day period provided for an institution to reject a pre-notification message be lengthened. After consideration of the various alternatives proposed, the Treasury has concluded that an eight-day period will meet the needs of most institutions. See paragraph (b)(3)(ii) of the final rule. In responding to a pre-notification message, an institution may use the NACHA's "notification of change" procedure, standardized automated rejection codes, or any other similar standard procedure. Upon receipt of such notification, the Treasury will either make the necessary changes in the TREASURY DIRECT account or contact the investor, depending on the circumstances.

One commentator objected to the warranty by the receiving institution as to the accuracy of the pre-notification information, particularly in view of the manual verification or changes in procedures that would be required, and the resulting possibility of error. As previously noted, the requirement to verify an account name has been eliminated. In addition, language has been added to make it clear that the verification is limited to the time of pre-notification. The Treasury is of the view that the warranty is a useful concept in encouraging institutions to respond to pre-notification messages and will benefit all concerned by increasing the likelihood that payments will be made accurately and to the appropriate party.

(b)(5) *Responsibility of financial institution.* The proposed regulations provided, in §357.26(b)(5)(ii), that a financial institution that receives a TREASURY DIRECT payment on behalf of a customer would be required to promptly notify the Treasury when it has made a change in the status or ownership of the customer's deposit account, such as the deletion of the first-named owner of the security from the title of the account, or when the institution is on notice of the death or incompetency of the owner of the deposit account.

Several financial institutions objected to this requirement on the grounds that it would be burdensome and would require the development of new procedures to monitor the changes in deposit accounts. Specifically, several institutions indicated they would be unable to relate the receipt of TREASURY DIRECT payments, which would be handled in a centralized area of the institution, to the changes being made in a deposit account, which are handled in another operational area of the institution. These institutions said they would not necessarily be aware of who is the first-named owner of the security in TREASURY DIRECT, and that more responsibility should be placed on the security owner in reporting changes.

In response to these comments, the Treasury has narrowed the notification rule, in paragraph (b)(5)(ii) of the final rule, to require a financial institution to notify TREASURY DIRECT only in cases where it is on notice of the death or legal incapacity of an individual named on the deposit account, or where it is on notice of the dissolution of a corporation named in the deposit account. Upon receipt of notice by the area of the institution that receives credit payments, the institution will be required to return any TREASURY DIRECT payments received thereafter.

(b)(6) *Payments in error/duplicate payments.* The proposed regulations, in §357.26(b)(6), set out rules describing the procedure that would be followed in cases where the Treasury or a Federal Reserve Bank has made a duplicate payment or a payment in error. First, the financial institution to which the payment was directed would be provided with a notice asking for the return of the amount of the payment remaining in the deposit account. If the financial institution were unable to return any part of the payment, it would be required to notify the Treasury or its Federal Reserve Bank, and provide the names and addresses of the persons who withdrew funds from the deposit account after the date of the duplicate payment or the payment in error. If the financial institution did not respond to the notice within 30 days, the financial institution's account at its Federal Reserve Bank could be debited in the amount of the duplicate or improper payment.

Several institutions raised objections about various aspects of the above procedures. One stated that 30 days was an insufficient time to respond and urged conformity with the rules in 31 CFR part 210 permitting a 60-day response time. Some objected to furnishing information about the persons who withdrew money from an account. Several objected in principle to the provision authorizing the debiting of their accounts. Several comments indicated that if a payment is returned by a financial institution using an automated payment reversal procedure, then only the full amount of the payment (not a partial amount) can be reversed.

In the final rule, the Treasury has clarified the procedures. The requirement to provide the names of persons who withdrew funds from an account has been changed. In paragraph (b)(6)(i), financial institutions are asked to provide only such information as they have about the matter. The debiting of an institution's account at a Federal Reserve Bank is intended to be simply a last resort if the institution fails totally to respond to the notice of a duplicate payment or payment made in error. See paragraph (b)(6)(iii). The time provided for response to this notice has been lengthened to 60 days.

The final rule has also been clarified in paragraph (b)(6)(i) to provide that the amount that should be returned is an amount equal to the payment. The Treasury reserves the right, however, to request the return by other than automated means of a partial amount of a payment made in error. It is anticipated that such a procedure would occur only if the notice of a payment made in error is not issued immediately after the payment was made.

(d) *Handling of payments by Federal Reserve Banks.* Some of the comments raised a question about the liability of the Federal Reserve Banks in making payments. The proposed rule, in §357.26(d)(2), provided that each Federal Reserve Bank would be responsible only to the Department and would not be liable to any other party for any loss resulting from its handling of payments. This rule was taken from the existing regulations in 31 CFR part 210 (see §210.3(f)), and is simply a restatement of existing law.

In making payments, the Federal Reserve Banks are acting in the capacity as fiscal agents of the United States, pursuant to 12 U.S.C. 391. They are not acting in an individual (banking) capacity. If a Federal Reserve Bank misdirects a payment contrary to instructions provided by the investor, the United States, as principal, may remain liable to the investor for the payment. The United States could seek to recover any loss from its agent, the Federal Reserve Bank. However, because the proposed rule simply stated a legal conclusion and tended to create the impression that the rule was broader than intended, it has been omitted from the final regulations.

*Section 357.31 Certifying individuals.*

For clarity, the warranties which accompany the use of a "Signature guaranteed" stamp have been set out.

*Section 357.42 Preservation of existing rights.*

This section has been deleted. The same subject-matter will be covered in §357.1, as finally adopted.

*Section 357.43 Liability of Department and Federal Reserve Banks.*

This section was published as §357.42 in the notice of proposed rulemaking for TRADES. The final version will be published after all the comments on the rulemaking for TRADES have been reviewed and considered.

*Section 357.46 Supplements, amendments, or revisions.*

Provision for "charges and fees for services and maintenance of book-entry Treasury se-

curities" has been added in the event circumstances should dictate their imposition.

[51 FR 18260, May 16, 1986; 51 FR 18884, May 23, 1986]

APPENDIX B TO PART 357—TRADES  
COMMENTARY

INTRODUCTION

The adoption of regulations for the Treasury/Reserve Automated Debt Entry System ("TRADES") is the culmination of a multi-year Treasury process of moving from issuing securities only in definitive (physical/certificated/paper) form to issuing securities exclusively in book-entry form. The TRADES regulations provide the legal framework for all commercially-maintained Treasury book-entry securities. For a more detailed explanation of the procedural and legal development of book-entry and the TRADES regulations, see the preamble to the rule proposed March 4, 1996 (61 FR 8420), as well as the earlier proposals cited therein 51 FR 8846 (March 14, 1986); 51 FR 43027 (November 28, 1986); 57 FR 12244 (April 9, 1992).

COMPARISON OF TRADES AND TREASURY  
DIRECT

A person may hold interests in Treasury book-entry securities either in TRADES<sup>1</sup> or TREASURY DIRECT. The following summarizes the major differences between the two systems.

Persons holding Treasury book-entry securities in TRADES hold their interests in such securities in a tiered system of ownership accounts. In TRADES, Treasury, through its fiscal agents, the Federal Reserve Banks, recognizes the identity only of Participants (persons with a direct account relationship with a Federal Reserve Bank). While Participants may be beneficial owners of interests in Treasury book-entry securities, there are many beneficial owners of such interests that are not Participants. Such beneficial owners hold their interests through one or more Securities Intermediaries such as banks, brokerage firms or securities clearing organizations.

In TRADES, the rights of non-Participant beneficial owners may be exercised only

<sup>1</sup>In TRADES a Person's interest in a Treasury book-entry security is a Security Entitlement, as described in TRADES. A Participant's interest in a marketable Treasury book-entry security also is a Security Entitlement. A Participant's Security Entitlement is different than a Security Entitlement as described in Revised Article 8, with respect to the Participant's rights against the issuer. A non-Participant's Security Entitlement is described in Revised Article 8.



through their Securities Intermediaries. Neither Treasury nor the Federal Reserve Banks have any obligation to a non-Participant beneficial owner of an interest in a Treasury book-entry security. Two examples illustrate this principle. First, except where a pledge has been recorded directly on the books of a Federal Reserve Bank pursuant to §357.12(c)(1), Federal Reserve Banks, as Treasury's fiscal agents, will act only on instructions of the Participant in whose Securities Account the Treasury book-entry security is maintained in recording transfers of an interest in a Treasury book-entry security. A beneficial owner of the interest that is a non-Participant has no ability to direct a transfer on the books of a Federal Reserve Bank. Second, Treasury discharges its payment obligation with respect to a Treasury book-entry security when payment is credited to a Participant's account or paid in accordance with the Participant's instructions. Neither Treasury nor a Federal Reserve Bank has any payment obligation to a non-Participant beneficial owner of an interest in a Treasury book-entry security. A non-Participant beneficial owner receives its payment when its Securities Intermediary credits the owner's account.

Persons holding Treasury book-entry securities in TREASURY DIRECT, on the other hand, hold their securities accounts on records maintained by Treasury through its fiscal agents, the Federal Reserve Banks. The primary characteristic of TREASURY DIRECT is a direct account relationship between the beneficial owner of a Treasury book-entry security and Treasury. In TREASURY DIRECT, Treasury discharges its payment obligation when payment is credited to the depository institution specified by the beneficial owner of the Treasury book-entry security, paid directly to the beneficial owner by check, or paid in accordance with the beneficial owner's instructions. Unlike TRADES, TREASURY DIRECT does not provide a mechanism for the exchange of cash to settle a secondary market transaction, nor are pledges of Treasury book-entry securities held in TREASURY DIRECT generally recognized. Accordingly, TREASURY DIRECT is suited for persons who plan to hold their Treasury securities until maturity, and provides an alternative for investors who are concerned about holding securities through intermediaries and who do not wish to hold their interests in Treasury securities indirectly in TRADES.

#### SCOPE OF REGULATION

Just as the scope of Revised Article 8 is limited,<sup>2</sup> the scope of this regulation is limited. It is not a comprehensive codification

<sup>2</sup>U.C.C. Revised Article 8, Prefatory Note at 12.

of the law governing securities, transactions in securities or the law of contracts for the purchase or sale of securities. Similarly, it is not a codification of all laws that could affect a person's interest in a Treasury book-entry security. For example, state laws regarding divorce or intestate succession could well affect which persons have rights in the interest in a Treasury book-entry security. Moreover, the regulations deal with certain aspects of transactions in Treasury securities, such as perfection of a security interest and its effects and not other aspects, such as the contractual relationship between a debtor and its secured party, which are left to applicable law<sup>3</sup>. See the discussion under §357.10 of the Section-by-Section Analysis.

#### SECTION-BY-SECTION ANALYSIS

##### *Section 357.0 Dual book-entry systems.*

Section 357.0 sets forth that Treasury provides two systems for maintaining Treasury book-entry securities—TRADES and TREASURY DIRECT. Subpart A of part 357 of 31 CFR contains general information about TRADES and TREASURY DIRECT. Subpart B contains the TRADES regulations. Subpart C contains the TREASURY DIRECT regulations. Subpart D contains miscellaneous provisions. Thus, in its totality, part 357 sets forth in one place the complete set of governing rules for Treasury securities issued in book-entry form.

##### *Section 357.1 Effective date.*

Section 357.1 establishes the effective date for TRADES. TRADES applies to outstanding securities formerly governed by 31 CFR part 306, subpart O. Conforming changes to parts 306, 356, and 358 are being made to coincide with the publication of TRADES in final form. Consistent with the approach set forth in Revised Article 8 (see §8-603 and the official comment thereto), on and after the

<sup>3</sup>The regulations in 31 CFR 306.118(b), which are being supplanted by TRADES, state that "applicable law" covers how a transfer or pledge is "effected" as well as perfected. Except with respect to security interests marked on the books of a Federal Reserve Bank, TRADES does not address how a security interest in a Treasury book-entry security is created or what law governs the creation of a security interest. Section 357.11(a) of TRADES, which establishes the choice of law for interests other than those covered by §357.10, addresses the choice of law with respect to the perfection, effect of perfection or non-perfection, and priority of security interests, but does not address the law governing creation or attachment of a security interest. This is consistent with the scope and choice of law provisions of Revised Article 8.

effective date these regulations will apply to all transactions, including transactions commenced prior to the effective date. Revised Article 8, in Section 8-603, gave secured parties four months after the effective date to take action to continue the perfection of their security interests. TRADES, through its delayed effectiveness, provides a similar period. In TRADES, January 1, 1997, becomes the date by which such actions must be completed.

The effective date for TRADES is January 1, 1997. While TRADES is based in large part on Revised Article 8 that has received widespread attention in the financial community and already has been adopted in 28 states,<sup>4</sup> Treasury has determined that TRADES will be effective on January 1, 1997, to ensure a smooth transition to TRADES. In making that determination, Treasury has taken into account the time required by other Government-Sponsored Enterprises (GSEs) to promulgate similar regulations for their securities. Such an effective date, when combined with TRADES having been published in proposed form with a 60-day comment period, should provide sufficient time for an orderly transition to the new TRADES rules.

*Section 357.2 Definitions.*

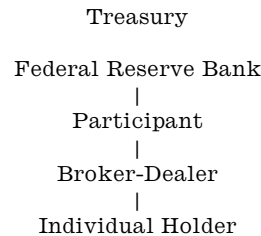
Section 357.2 contains definitions for use in subparts B and C. While most of the definitions are straightforward, four terms—Participant, Entitlement Holder, Security Entitlement and Securities Intermediary—are critical to an understanding of the proposed TRADES regulations.

(a) *Participant.* A Participant is a person that has a securities account relationship in its name with a Federal Reserve Bank. Accordingly, the Federal Reserve Bank and Treasury know both the identity of the persons maintaining these accounts and the Treasury book-entry securities held in these accounts.

(b) *Securities Intermediary.* Securities Intermediaries are persons (other than individuals, except as described below) that are in the business of holding interests in Treasury book-entry securities for others. Participants can be, and usually are, Securities Intermediaries.

In addition, entities such as clearing corporations, banks, brokers and dealers can be Securities Intermediaries in a single chain of ownership of a Treasury security. An indi-

vidual, unless registered as a broker or dealer under the federal securities laws, cannot be a Securities Intermediary. As an illustration of a possible chain of ownership, in the following chart, the Federal Reserve Bank, Participant and Broker-Dealer are all Securities Intermediaries.



(c) *Entitlement Holder.* An Entitlement Holder is any person for whom a Securities Intermediary holds an interest in a Treasury book-entry security. In the above example Individual Holder, Broker-Dealer and Participant are all Entitlement Holders. Thus, a person can be both a Securities Intermediary and an Entitlement Holder. See also the commentary on "Security Entitlement."

(d) *Security Entitlement.* A Security Entitlement is the interest that an Entitlement Holder has in a Treasury book-entry security. In the example, Participant, Broker-Dealer and Individual Holder all hold Security Entitlements. The rights and property interests associated with a Security Entitlement of a Participant held on the books of a Federal Reserve Bank ("Participant's Security Entitlement") are, however, different from the rights and property interests associated with other Security Entitlements. As provided in §357.10(a), Federal law defines the scope and nature of a Participant's Security Entitlement. While TRADES is based in large part on Revised Article 8, the meaning of Security Entitlement under federal law is different than under Revised Article 8. For example, Participants have a direct claim against the United States for interest and principal even though, under state law, an Entitlement Holder would only have a claim against its Securities Intermediary for such payment. To the extent not inconsistent with this regulation, the scope and nature of a Security Entitlement of an Entitlement Holder below the level of a Participant, (Broker-dealer and Individual Holder in the example above), is defined by applicable state law, as determined pursuant to §357.11. It should also be noted that while a Participant's rights have Federal law components under §357.10(a), the nature of a Security Entitlement held by a lower tier intermediary on the books of a Participant is determined pursuant to applicable law as provided in §357.11.

<sup>4</sup>As of August 1, 1996, those states are: Alabama, Alaska, Arizona, Arkansas, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Mississippi, Nebraska, New Mexico, Oklahoma, Oregon, Pennsylvania, Texas, Utah, Vermont, Virginia, Washington, West Virginia and Wyoming. See discussion accompanying footnote 11.

*Section 357.10 Law governing the United States and Reserve Banks.*

Section 357.10(a) provides that the rights and obligations of the United States and the Federal Reserve Banks (with one exception detailed below), with respect to both the TRADES system and Treasury book-entry securities maintained in TRADES are governed solely and exclusively by Federal law. Thus, claims against the United States and Federal Reserve Banks of both Participants and all other persons with an interest (or claiming an interest) in a Treasury book-entry security maintained in TRADES are governed by Federal law. Federal law is defined to include TRADES, the offering circulars pursuant to which the Treasury securities are sold, the offering announcements and Federal Reserve Bank Operating Circulars.<sup>5</sup> Prior to March 1, 1993, the terms of each offering of Treasury securities, except for Treasury bills were set forth in an offering circular published in the FEDERAL REGISTER<sup>6</sup> Since March 1, 1993, all Treasury book-entry securities have been offered pursuant to a uniform offering circular set forth at 31 CFR part 356.

While TRADES is based in large measure on Revised Article 8, a fundamental principle of these regulations (and a divergence from Revised Article 8) is that the obligations of the issuer (the United States) and the Federal Reserve Banks, as well as all claims with respect to TRADES or a Treasury book-entry security against Treasury or a Federal Reserve Bank, are governed solely by Federal law. Thus, for example, those parts of Revised Article 8 that detail obligations of issuers (or their agents) of securities are not applicable to either the United States or Federal Reserve Banks.<sup>7</sup> In addition, neither the United States nor Federal Reserve Banks have any obligations to persons holding their interests in a Treasury book-entry security at levels below the level of a Participant or to any other person claiming an interest in a Treasury book-entry security (with the limited exception set out in §357.12(c)(1)). Thus, there are no derivative rights against

<sup>5</sup>A "Federal Reserve Bank Operating Circular" is defined in §357.2 as the publication issued by each Federal Reserve Bank that sets forth the terms and conditions under which the Reserve Bank maintains Book-entry Securities Accounts and transfers Book-entry Securities.

<sup>6</sup>Treasury bills were issued pursuant to one master offering circular (31 CFR part 349, removed, and replaced by 31 CFR part 356) effective March 1, 1993. (58 FR 412)

<sup>7</sup>The regulations in subpart C of this part set out other obligations of the United States and the Federal Reserve Banks for securities held in TREASURY DIRECT. These regulations preempt applicable state law.

either the United States or the Federal Reserve Banks.

In interpreting this section, it is important to note that the scope of TRADES, like that of Revised Article 8, is limited. Accordingly, the governing law set forth in §357.10(a) is applicable only to the matters set forth in §357.10(a). Other laws remain applicable and could affect the holders of book-entry securities.

For example, the tax treatment of Securities Entitlements is outside the scope of TRADES and other law (the Federal income tax code) is applicable in determining such tax treatment. Similarly, nothing in §357.10(a) limits the applicability of other laws to matters such as whether the activities of Participants or Securities Intermediaries with respect to interests in Treasury book-entry securities are subject to banking or securities laws.

While TRADES in §357.10(a) defines what law governs the contract between the United States, as issuer, and the holder of a Security Entitlement, it is not a complete statement of the contract law applicable to the United States or Federal Reserve Banks. For example, if a Participant obtains a discount window loan from a Federal Reserve Bank and agrees to pledge collateral, including Treasury book-entry securities, to the Federal Reserve Bank as security for the loan, §357.10(a) does not establish the law for determining the validity or enforceability of the contract or the law applicable to the creation and perfection of security interests in property that is not a Treasury book-entry security. Section 357.10(a) does provide the law applicable for how a security interest in Treasury book-entry securities is perfected, the priority of such interest and, if §357.12(c)(1) is applicable, how such security interest is created. Similarly, nothing in §357.10(a) affects the continuing applicability or enforceability of Federal Reserve Bank operating circulars such as the circular setting forth provisions regarding electronic access to services provided by Federal Reserve Banks and agreements executed in connection with such circulars.

The law applicable with respect to interests granted to a Federal Reserve Bank depends on the manner in which the security interest is granted.

Where a security interest in favor of a Federal Reserve Bank is marked on the books of the Federal Reserve Bank under Section 357.12(c)(1), §357.10(a) establishes the applicable law. A security interest in favor of a Federal Reserve Bank would be recorded on the Federal Reserve Bank's books where, for example, the Federal Reserve Bank made a discount window loan to a depository institution and any Treasury book-entry securities provided by the depository institution as collateral have been deposited to a pledge account on the books of the Federal Reserve

Bank. For a borrowing depository institution that is not a Participant, the book-entry securities used as collateral generally would be deposited to the Federal Reserve Bank pledge account by the borrowing institution's Securities Intermediary. See Hypothetical 5.

Section 357.10(b) sets forth law applicable with respect to security interests in favor of a Federal Reserve Bank that have not been marked on the books of a Federal Reserve Bank. A security interest in the Securities Entitlement of a Participant in favor of a Federal Reserve Bank that is not marked on the books of the Federal Reserve Bank is governed by the law of the state in which the head office of the Federal Reserve Bank is located. Such a security interest could arise, for example, where the delivery of book-entry securities to the securities account of the Participant results in an overdraft in the Participant's Funds Account. The extent to which the Federal Reserve Bank has an interest in the Participant's book-entry securities to secure the overdraft therefore would be determined under the law of the state in which the Reserve Bank's head office is located. If the State in which the head office of the Federal Reserve Bank is located has not adopted Revised Article 8, under §357.10(c) that State is deemed to have adopted Revised Article 8.

In certain very limited circumstances, a Federal Reserve Bank also may have a security interest in the book-entry securities of a non-Participant that is not marked on the books of the Federal Reserve Bank. Section 357.10(b) provides a separate rule for such a security interest, which would be governed by the law of the non-Participant's Securities Intermediary, as determined under §357.11. Under §357.11, the perfection, effect of perfection, and priority of a security interest created under such an agreement would be governed by the law of the Securities Intermediary's jurisdiction, as determined under §357.11(b). Under §357.11(d), if the jurisdiction specified in §357.11(b) has not adopted Revised Article 8, jurisdiction would be deemed to have adopted Revised Article 8.<sup>8</sup>

<sup>8</sup>An interest in book-entry securities of a non-Participant that is not marked on the books of the Federal Reserve Bank, while uncommon, could arise where the Federal Reserve Bank lends to a non-Participant depository institution and enters into a triparty agreement with the depository institution and its Securities Intermediary rather than requiring the deposit of the book-entry securities in a pledge account on the books of the Federal Reserve Bank through an instruction given by the non-Participant depository institution to its Securities Intermediary.

For purposes of applying the state law chosen under the rules of §357.10(b), Federal Reserve Banks are treated as clearing corporations. As a result, a security interest in a Securities Entitlement of a Participant in favor of a Federal Reserve Bank under §357.12(c)(2) has the same priority as security interests granted to other clearing corporations under state law. This is consistent with the treatment accorded to Federal Reserve Banks generally under Revised Article 8.

*Section 357.11 Law governing other interests.*

(a) *Law governing the rights and obligation of Participants and third parties.* Section 357.11 is a choice of law rule. The substantive matters subject to this choice of law rule are set forth in §357.11(a). The matters set forth in §357.11(a) are meant to be coextensive with those matters covered by Revised Article 8 with respect to a person's interest in a Treasury book-entry security (other than those related to a person's relationship to Treasury or a Federal Reserve Bank which are governed solely by federal law). For purposes of these choice of law rules Participants are Securities Intermediaries.

Section 357.11(b) adopts Revised Article 8's general choice of law rule. Section 357.11(c) sets forth a special choice of law rule with respect to security interests perfected automatically or by filing, which also is included in Revised Article 8. Generally, the law applicable to the Securities Intermediary will govern matters involving an interest in a book-entry security held through that intermediary. This approach is not followed with respect to perfection of security interests automatically or by filing. In those cases, the law of the jurisdiction in which the debtor is located is the governing law. Since filing systems are based on the location of the debtor, this approach should reduce uncertainty and preserve the normal practice of searching records based on the debtor's location.<sup>9</sup> The language "person creating a security interest" is used in lieu of the term "debtor" in this provision to avoid any confusion. The word "debtor" has two meanings in the Uniform Commercial Code and the expression "person creating a security interest" provides clarity with respect to who is covered by this section. The term does not refer to a creditor. The language "is located" is intended to conform to its meaning under applicable law, as it may be amended from

<sup>9</sup>The substantive effect of filing is limited and applies only in states which have adopted Revised Article 8. Since the effect of filing is a unique state law matter, in this one area, Treasury has determined that possible lack of uniformity does not justify altering state law.

time to time. See, e.g., U.C.C. section 9-103(3)(d). Section 357.11(d) provides for the application of Revised Article 8 if the choice of law analysis required by §357.11(b) results in the choice of the law of a State that has not yet adopted Revised Article 8. As noted elsewhere, in such a situation, the State's law is viewed as if it had adopted Revised Article 8. This section also provides that, for purposes of applying state law, the Federal Reserve Banks are clearing corporations and Participants' interests in book-entry securities are Security Entitlements.

(b) *Limited scope of Federal preemption.* In an earlier TRADES proposal Treasury contemplated adopting a comprehensive regulation governing the rights of all persons in Treasury book-entry securities held in TRADES. Such an approach was proposed because Treasury believed that a uniform rule was necessary to preserve the efficiency and liquidity of the market for Treasury securities—the most liquid and efficient market in the world. Treasury believed then, and believes now, that the material rights of a holder in the United States of an interest in a Treasury security should not vary solely by virtue of such holder's geographic location or the location of the financial institution through which it holds its interest in Treasury securities. In light of Revised Article 8, Treasury has determined that it is possible to achieve this uniformity without developing an independent system of Federal commercial law.<sup>10</sup> The questions inherent in a tiered system of ownership have been analyzed, and, in Treasury's view, satisfactorily addressed by Revised Article 8.

As of August 1, 1996, 28 states have adopted Revised Article 8 and Treasury understands that it will soon be adopted in additional states. As with all uniform laws, the adoption process takes several years. In order to assure uniformity, in light of the unavoidable delays in the state-by-state adoption process of Revised Article 8, Treasury is promulgating regulations with a limited form of preemption. As provided in both §§357.10(c) and 357.11(d), if the choice of law rules set forth in TRADES would lead to the application of the law of a State that has not yet adopted Revised Article 8, TRADES will apply Revised Article 8 (with conforming and

miscellaneous amendments to other Articles) in the form approved by the ALI and NCCUSL. Treasury expects that these provisions will be operative only during the state-by-state adoption process and would plan to amend TRADES to delete reference to these provisions once the adoption process has been completed.

While Revised Article 8 is defined to mean the official text of Article 8 as approved by the ALI and NCCUSL, Treasury recognizes that states may make minor changes in that text when adopting Article 8. Treasury has concluded that minor changes should not prevent Revised Article 8, as adopted by a state, from being the appropriate law. In other words, if a state passes a version of Article 8 that is substantially identical to Revised Article 8, reference to Revised Article 8 (as defined) would no longer be required. Treasury has determined that the versions of Article 8 passed by 50<sup>11</sup> states that have enacted Article 8 meet this standard. Accordingly, §§357.10(c) and 357.11(d) would not be applicable if the choice of law provisions of TRADES directed a person to one of those states. As additional states adopt Revised Article 8, Treasury will provide notice in the FEDERAL REGISTER as to whether the enactments are "substantially identical" to the uniform version for purposes of these regulations and on an annual basis, the Commentary will be amended to reflect subsequent enactments. This approach represents a significantly reduced form of preemption of state law from former versions of TRADES and preserves Treasury's preeminent interest in a uniform system of rules applicable to all holders of interests in Treasury book-entry securities.

<sup>11</sup>Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

<sup>10</sup>As noted previously, the substantive scope of this regulation is limited.

*Section 357.12 Obtaining an interest in a book-entry security.*

(a) *Creation of a Participant's Security Entitlement. A Participant's interest in a Treasury book-entry security is a Securities Entitlement. Section 357.12(a) provides that a Participant's Securities Entitlement is created when a Federal Reserve Bank indicates by book entry that a Book-entry Security has been credited to a Participant's Securities Account. Instead of the concept of initial credit and transfer of a Treasury book-entry security, as set forth in the existing regulations, this proposal focuses on the creation of a Participant's Securities Entitlement and, in this way, is similar to Section 8–501 of Revised Article 8.*

The regulation focuses on the creation of a Participant's Security Entitlement because Security Entitlement is the term used to describe the Participant's interest in a Treasury book-entry security. Once a Participant obtains that interest, the regulation sets forth what that interest is. Thus, as provided in §357.10, federal law describes a Participant's rights against the United States and the Federal Reserve Bank where it maintains its Securities Account. To the extent not inconsistent with §357.10, §357.11 describes the applicable law to determine Participants' rights and obligations with respect to all other persons. Under these regulations, Participants can still transfer their interests in a Treasury book-entry security as they did before—by issuing a Transfer Message to the Federal Reserve Bank where they hold such interest. Transfer of interests between Participants can occur by a Participant holding such interest issuing a Transfer Message. As a result of such message, the Federal Reserve Bank will make a book entry in favor of the receiving Participant (thereby creating a Security Entitlement in favor of such Participant) and also will make a book entry deleting the initiator Participant's interest in such Treasury book-entry security (thereby eliminating that Participant's Security Entitlement). In addition, if authorized under applicable state law, Participants may enter into agreements with other Participants that, as to the Participants, constitute a transfer. Such action is without effect to either the United States or a Federal Reserve Bank.

(b) *Creation and priority of a Security Interest.*

(i) *Security Interests of the United States.* Section 357.12(b) provides that a security interest in favor of the United States has priority over the interests of any other person in a Treasury book-entry security. The United States obtains security interests in Treasury securities as collateral to secure funds in a variety of situations such as Treasury Tax and Loan accounts; government agency funds or funds under the control of the Federal Courts held at financial institutions; and securities pledged in lieu of surety by contractors and others. The priority provided the United States in these situations is consistent with existing law.

In addition, Federal Reserve Banks do recognize on their books and records security interests in favor of the United States. In that situation, the Federal Reserve Bank will not transfer the security without the permission of the United States. This section provides that a Federal Reserve Bank may rely exclusively on the directions of an authorized representative of the United States to transfer a security and is protected in so relying. Ordinarily, an authorized representative of the United States would take such action under circumstances such as the default or insolvency of the pledgor.

(ii) *Security Interests on the books of a Reserve Bank.* Where required by Federal law or regulation or pursuant to a specific agreement with a Federal Reserve Bank, a security interest in favor of a Federal Reserve Bank or other person may be created or perfected by a Federal Reserve Bank marking its books to record the security interest under §357.12(c)(1). An example of a security interest that is marked on the books of a Federal Reserve Bank would be the pledge in favor of a Federal Reserve Bank of a Participant's book-entry securities as collateral for a discount window loan.<sup>12</sup> For limited categories of pledges, Federal Reserve Banks may agree to record a security interest in favor of a third party on their books. For example, in some circumstances a Federal Reserve Bank may permit the establishment of

<sup>12</sup>Book-entry securities pledged by a non-Participant to a Federal Reserve Bank generally would be deposited by the non-Participant's Securities Intermediary to a pledge account at the Federal Reserve Bank, and therefore also would be marked on the books of the Federal Reserve Bank. See the discussion under D. (§357.10).

a pledge account to hold book-entry securities pledged to governmental entities other than the United States government. It is important to note that there is no obligation for either Treasury or a Federal Reserve Bank to agree to record a security interest on the books of a Federal Reserve Bank, except as required by Federal law or regulation. If they do so, the security interest is perfected when the Federal Reserve Bank records a security interest on its books. In addition, the security interest has priority over all other interests in the Treasury book-entry security except an interest of the United States.

(iii) *Other Security Interests.* As provided in §357.12(c)(2), a security interest in a book-entry security may be perfected by any method available under applicable state law, as determined under §357.10(b) or §357.11.<sup>13</sup> The perfection and priority of such interests shall be governed by applicable law. Security interests under this section may include security interests in favor of a Federal Reserve Bank, such as a clearing lien or pledge by a non-participant of book-entry securities held through a Securities Intermediary where the securities have not been deposited to a Federal Reserve Bank pledge account. Consistent with Revised Article 8, a Federal Reserve Bank would be treated as a clearing corporation under the applicable state law.

If a Person perfects a security interest pursuant to §357.12(c)(2), obligations of the Treasury and the Federal Reserve Banks with respect to that security interest are limited. Specifically, unless special arrangements are agreed to by the United States or a Federal Reserve Bank pursuant to §357.12(c)(1), neither the Federal Reserve Bank nor the United States will recognize the interests of any person other than the person in whose securities account the interest in a Treasury book-entry security is maintained. This does not mean that such a security interest is invalid. Rather, it means that the creditor's recourse will be solely against the debtor Participant or other third party.

*Section 357.13 Rights and obligations of Treasury and the Reserve Banks.*

(a) *Adverse claims.* Section 357.13(a) sets forth the general rule that, with limited exceptions, Treasury and the Federal Reserve Banks will recognize only the interest of a Participant in a Treasury book-entry security in whose Securities Account such interest is maintained.

As noted previously, Treasury book-entry securities maintained in TRADES are held in

a tiered system of ownership. The records of a Federal Reserve Bank reflect only the ownership at the top tier. Institutions maintaining a Securities Account with a Federal Reserve Bank frequently will hold interests in Treasury book-entry securities for their customers (which can include broker-dealers and other Securities Intermediaries) and in certain cases those customers will hold interests in securities for their customers. Accordingly, neither Treasury nor a Federal Reserve Bank will know the identity or recognize a claim of a Participant's customer if that customer were to present it to Treasury or a Federal Reserve Bank.

In addition, except in the limited case where a security interest is marked on the books of a Federal Reserve Bank pursuant to §357.12(c)(1), neither the Treasury nor a Federal Reserve Bank will recognize the claims of any other person asserting a claim in a Treasury book-entry security. Persons at levels below the Participant level must present their claims to their Securities Intermediary.

(b) *Payment obligations.* Section 357.13(b) contains a corollary to the rule set forth in §357.13(a). This section provides that Treasury discharges its payment responsibility with respect to a security that it has issued when a Federal Reserve Bank credits the funds account of a Participant with amounts due on that security or makes payment in some other manner specified by the Participant. This is consistent with existing law and the first TRADES proposal.<sup>14</sup> In Revised Article 8, the issuer discharges its obligations when it makes payment to an owner registered on its books. Under common commercial practice, the registered owner in the indirect system may be a clearing corporation or the clearing corporation's nominee. Although the Federal Reserve Banks are treated as clearing corporations under both Revised Article 8 and TRADES, Treasury remains liable until payment is made to, or in accordance with the instructions of, a Participant. Section 357.13(b)(2) establishes the mechanism of how Treasury book-entry securities are paid at maturity. It is intended to cover a variety of procedures, including where the proceeds of pledged securities are credited to a suspense account pending substitution or release. This paragraph makes clear that the payment takes place automatically and that, unlike with physical certificates, there is no act of presentment required by the Participant.

*Section 357.14 Authority of Reserve Banks.*

Section 357.14 provides that Federal Reserve Banks are authorized, as fiscal agents of Treasury, to operate the commercial book-entry system for Treasury.

<sup>13</sup>Under both of these sections, if the state has not yet adopted Revised Article 8, the applicable law would be that state's law as it would be amended by Revised Article 8.

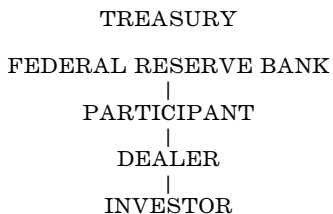
<sup>14</sup>51 FR 8846, 8848 (March 14, 1986).

*Section 357.44 Notices.*

Section 357.44 contains a revised version of a provision that appeared in earlier TRADES proposals. Similar to the rule in Revised Article 8 (see section 8-112), it provides where certain legal process should be directed. While providing instructions on where notice should be directed, it makes clear that the regulations do not establish whether a Federal Reserve Bank is required to honor any such order or notice.

*J. Hypotheticals*

## HYPOTHETICAL 1



The first hypothetical is designed to show what law applies at different levels of the tiered book-entry system. TRADES provides that federal law, and only federal law (defined in §357.10(a)), governs the rights and obligations of the United States and the Federal Reserve Banks (except for those matters involving Federal Reserve Banks set forth in §357.10(b)). Thus, for example, Treasury discharges its payment obligations with respect to a security it has issued in the manner described in §357.13(b). Federal law both defines the payment obligation and describes how Treasury fulfills that obligation. Those portions of Revised Article 8 dealing with issuer obligations are not applicable to Treasury or the Federal Reserve Banks.<sup>15</sup> Similarly, with certain limited exceptions as set forth in §357.12(c)(1), Treasury and the Federal Reserve Banks will recognize only the interest of a Participant in a Treasury book-entry security in whose Security Account the interest is maintained. Accordingly, as a matter of federal law, neither Treasury nor a Federal Reserve Bank will recognize any claim by Dealer or Investor.<sup>16</sup>

<sup>15</sup> As provided in §357.14, Federal Reserve Banks, among other things, effect transfers of book-entry securities between Participants' Security Accounts.

<sup>16</sup> One comment questioned whether similar language in the March 4, 1996 release implied that, under Revised Article 8, in the above example Investor could have a claim against Participant. No such implication was intended. The only point of the language is to make it clear that Federal, not state, law governs the rights and obligations of Treasury and the Federal Reserve Banks.

In the hypothetical above, as between Participant and Dealer, Participant is the Securities Intermediary. With respect to the matters set forth in §357.11(a), the law of the Securities Intermediary's jurisdiction governs. Thus, with respect to the matters in §357.11(a), the law of Participant's jurisdiction applies as between Participant and Dealer.<sup>17</sup> If Participant's jurisdiction, as determined under §357.11(b), has not adopted Revised Article 8, the law of Participant's jurisdiction, as it would be amended by Revised Article 8, applies. Similarly, as between Dealer and Investor, Dealer is a Securities Intermediary, with respect to the matters in §357.11(a), the law of Dealer's jurisdiction applies as between Dealer and Investor. If Dealer's jurisdiction has not adopted Revised Article 8, the law of Dealer's jurisdiction, as it would be amended by Article 8, applies.

## HYPOTHETICAL 2

Assume that Dealer A sells its interest in a Treasury book-entry security to Dealer B. The transaction likely would take the following form. Dealer A will instruct Participant A to transfer its interest in a Treasury security to Participant B against cash payment. Dealer B will instruct Participant B to transfer cash to Participant A against delivery of an interest in the specified securities. Participant A will instruct the Federal Reserve Bank to transfer its interest in the Treasury security to Participant B against simultaneous credit of cash. The Federal Reserve Bank will debit Participant A's security account and credit Participant B's security account and simultaneously credit Participant A's cash account and debit Participant B's cash account. Participant A will mark its books to show that it has debited Dealer A's securities account and credited Dealer A's cash account. Participant B will mark its books to show the Security Entitlement in the Treasury security in favor of Dealer B and a debit against Dealer B's cash account. Federal law, set forth in §357.12(a) provides that Participant B acquires its interest in the Treasury book-entry security when the Federal Reserve Bank indicates by book-entry that the interest in the security has been credited to Participant B's Securities Account. Pursuant to §357.11(a), but subject to §357.11(d), Participant B's jurisdiction governs Dealer B's acquisition of a Securities Entitlement from Participant B.

## HYPOTHETICAL 3

<sup>17</sup> As described in the March 4 Release, the scope of TRADES is limited. As a general rule, if a matter is not covered in §357.11(a), TRADES is not applicable. One comment questioned whether TRADES covered the creation and attachment of a security interest. The omission of creation and attachment in §357.11(a) is intentional.



TREASURY  
 FEDERAL RESERVE BANK  
 |  
 PARTICIPANT

Assume Participant wishes to obtain a loan from Federal Reserve Bank and, as part of the transaction, will grant Federal Reserve Bank a security interest in its Securities Entitlement with respect to Treasury book-entry securities. The transaction can be accomplished in one of two ways. Pursuant to §357.12(c)(1), the Federal Reserve Bank can mark its books to reflect the security interest. As a matter of federal law, that action creates and perfects the Federal Reserve Bank's security interest and grants the Federal Reserve Bank priority over all other claimants (other than the United States pursuant to §357.12(b)).<sup>18</sup> A second method for completing the transaction, as set forth in §357.12(c)(2), would be to take whatever actions are authorized by applicable law. In that case, applicable law is the law of the jurisdiction of the head office of the Federal Reserve Bank. If that jurisdiction had adopted Revised Article 8, it would be the law of that jurisdiction. If that jurisdiction had not adopted Revised Article 8, it would be the law of that jurisdiction as if the jurisdiction had adopted Revised Article 8. Under Revised Article 8, the Federal Reserve Bank's interest would be that of a clearing corporation.

HYPOTHETICAL 4

TREASURY  
 FEDERAL RESERVE BANK  
 |                   |  
 PARTICIPANT A   PARTICIPANT  
                                   B

Assume that Participant A wishes to borrow from Participant B and grant Participant B a security interest in its Security Entitlement in Treasury book-entry securities.

<sup>18</sup>In certain limited circumstances, a Federal Reserve Bank may enter into an agreement under which it agrees to record on its books an interest in Participant's book-entry securities in favor of a non-Participant, such as a governmental entity. Under these circumstances, the non-Participant would have a perfected security interest with priority over other claimants (other than the United States under §357.12(b)). It should be noted that, as set forth in §357.12(c)(1), there is no requirement that either the United States or a Federal Reserve Bank agree to creation and perfection of a security interest in this way, except as provided in §357.12(c)(1).

As provided in §357.12(c)(2), the transaction would be completed pursuant to applicable law determined in accordance with 357.11. Although such an interest could be recorded on the books of a Federal Reserve Bank under §357.12(c)(1), Federal Reserve Banks generally do not mark their books to record this type of security interest for Participants.

HYPOTHETICAL 5

TREASURY  
 FEDERAL RESERVE BANK  
 |  
 PARTICIPANT A  
 |  
 DEALER A  
 |  
 BANK A

Assume that Bank A wishes to borrow from the Federal Reserve Bank and will pledge its interest in Treasury book-entry securities held at Dealer A to collateralize that loan. The transaction could be accomplished in two ways. Pursuant to §357.12(c)(1), the interest could be created and perfected on the books of a Federal Reserve Bank. Such a transaction would take place in the following fashion. Bank A could have Dealer A instruct Participant A to deposit securities to a pledge account specified by the Federal Reserve Bank. The Federal Reserve Bank likely would create an account on its books and specify that account to Bank A as the account to receive Bank A's interest in Treasury book-entry securities. Participant A, upon receiving Dealer A's instructions, would then instruct the Federal Reserve Bank to debit its account at the Federal Reserve Bank and credit the account created by the Federal Reserve Bank. The second way the transaction could take place is by any method permitted by the law of Dealer A's (Bank A's Securities Intermediary) jurisdiction. This could involve a tri-party agreement among the Federal Reserve Bank, Dealer A, and Bank A. As set forth in §357.11(b)(1), that agreement likely would specify which jurisdiction's law is to govern the transaction and could specify that such choice of law supersedes any other choice of law agreement previously entered into by Dealer A and Bank A. If Dealer A's jurisdiction has not adopted Revised Article 8, the applicable law would be the law of Dealer A's jurisdiction as it would be amended by Revised Article 8.

[61 FR 43631, Aug. 23, 1996, as amended at 62 FR 43284, Aug. 13, 1997; 63 FR 69191, Dec. 16, 1998]

**PART 358—REGULATIONS GOVERNING BOOK-ENTRY CONVERSION OF BEARER CORPORA AND DETACHED BEARER COUPONS**

Sec.

- 358.0 What does this part cover?
- 358.1 What special terms apply to this part?
- 358.2 What regulations cover these securities?
- 358.3 Are there any bearer corpora or detached bearer coupons that are not eligible for conversion?
- 358.4 Which bearer corpora or detached bearer coupons are eligible for conversion to transferable BECCS or CUBES securities?
- 358.5 Which bearer corpora or detached bearer coupons are eligible for conversion to non-transferable BECCS or CUBES securities?
- 358.6 What is the procedure for converting bearer corpora and detached bearer coupons to book-entry?
- 358.7 Where do I send my bearer corpora and detached bearer coupons to be converted?
- 358.8 Are there fees for the conversion of bearer corpora or detached bearer coupons?
- 358.9 Who is responsible for the cost and risks associated with the shipment of securities?
- 358.10 How are amounts of less than one dollar credited?
- 358.11 What is required to establish the authority of a depository institution to request conversion?
- 358.12 What is Treasury's liability if the depository institution does not have authority to convert securities?
- 358.13 What is Treasury's liability if the depository institution incurs a loss because it does not follow required procedures?
- 358.14 What happens when securities are accepted for conversion?
- 358.15 What happens if securities are adjusted?
- 358.16 Are BECCS and CUBES accounts maintained separately from the STRIPS program?
- 358.17 Can BECCS and CUBES securities be reconstituted to physical form?
- 358.18 What limitations exist on liability?
- 358.19 Who is responsible for any loss resulting from the conversion of a bearer corpus missing callable coupons?
- 358.20 Can these regulations be waived?
- 358.21 Can these regulations be amended?

AUTHORITY: 12 U.S.C. 391, 31 U.S.C. Ch. 31.

SOURCE: 65 FR 65701, Nov. 1, 2000, unless otherwise noted.

**§ 358.0 What does this part cover?**

(a) This part applies to the conversion to book-entry of United States Treasury bearer corpora and detached bearer coupons.

(b) These instruments are accepted from depository institutions for conversion under the Bearer Corpora Conversion System (BECCS) and Coupons Under Book Entry Safekeeping (CUBES) programs.

(1) For coupons converted after November 1, 2000, these regulations supersede the terms and conditions governing CUBES set forth in the written "Agreements to the Terms and Conditions Governing CUBES" signed by depository institutions that previously participated in the CUBES program.

(2) Depository institutions that submit bearer corpora and detached bearer coupons are deemed to agree to the terms and conditions in this part and any other requirements we may prescribe.

**§ 358.1 What special terms apply to this part?**

*Bearer security* means a definitive security payable to the bearer on its face at maturity or when called for redemption before maturity in accordance with its terms. Ownership of a bearer security is not recorded. Title to the security may pass by delivery without endorsement or notice. The only remaining unmatured bearer securities are bearer bonds.

*BECCS* means the Treasury's Bearer Corpora Conversion System.

*BECCS security* means a United States Treasury bearer security converted to book-entry form and held in BECCS.

*Callable* means a United States Treasury security subject to call before maturity.

*Callable Coupons* means the coupons associated with a callable security that are due after the date the security is subject to call.

*Conversion*, as used in this part, means a change in the form of a security from definitive form to book-entry form.

*Corpus* (plural corpora) means the principal portion of a United States Treasury bearer security.

## Fiscal Service, Treasury

## § 358.6

*Coupon* means a definitive bearer interest instrument associated with a United States Treasury bearer security.

*CUBES* means the Treasury's Coupon Under Book-Entry Safekeeping program.

*CUBES security* means a definitive coupon detached from a United States Treasury security and held in CUBES.

*Definitive security* means a security held in paper form.

*Depository institution* means:

(1) Any insured bank, mutual savings bank, or savings bank as defined in 12 U.S.C. 1813, or any institution eligible to become an insured bank under 12 U.S.C. 1815;

(2) Any insured credit union as defined in 12 U.S.C. 1752, or any credit union eligible to become an insured credit union under 12 U.S.C. 1781;

(3) Any member as defined in 12 U.S.C. 1422; and

(4) Any savings association as defined in 12 U.S.C. that is an insured depository institution as defined in the Federal Deposit Insurance Act, 12 U.S.C. 1811 *et seq.*, or is eligible to become an insured depository institution under that Act.

*Non-callable* means a United States Treasury bearer security not subject to call before maturity.

*Non-callable coupons* means coupons associated with a non-callable bearer security or coupons associated with a callable bearer security that are due on or before the date on which the callable bearer security is subject to call.

*Non-transferable* means the ownership of a security held in BECCS or CUBES may not be transferred. See § 358.5.

*Transferable* means the ownership of a security held in BECCS or CUBES may be transferred. See § 358.4 of this part.

*We (or "us")* refers to the Secretary of the Treasury and the Secretary's delegates at the Treasury Department and the Bureau of the Public Debt. The term also extends to any fiscal or financial agent we designate to act on behalf of the United States.

### § 358.2 What regulations cover these securities?

BECCS and CUBES securities are deemed to be securities for the purposes of 31 CFR part 357, subparts A, B,

and D, and are governed by that part. Notwithstanding the provisions of 31 CFR part 357, certain BECCS and CUBES securities are non-transferable. See § 358.5.

### § 358.3 Are there any bearer corpora or detached bearer coupons that are not eligible for conversion?

Bearer corpora and detached bearer coupons will not be accepted if they are submitted:

(a) Within 30 days of their maturity date; or

(b) If the call provision has been invoked, within 30 days of their call date.

### § 358.4 Which bearer corpora or detached bearer coupons are eligible for conversion to transferable BECCS or CUBES securities?

(a) For a callable corpus to be eligible for conversion to a transferable BECCS security, all associated callable coupons must be submitted with the corpus. These callable coupons will be linked with the corpus within BECCS when converted. Once the coupons are linked to the corpus, they may not be transferred separately.

(b) A corpus that is not subject to call will be converted to a transferable BECCS security.

(c) Non-callable coupons will be converted to transferable CUBES securities.

### § 358.5 Which bearer corpora or detached bearer coupons are eligible for conversion to non-transferable BECCS or CUBES securities?

If all of the callable coupons associated with the corpus are not submitted with the corpus, the corpus will be converted to a non-transferable BECCS security. Any remaining callable coupons submitted with the corpus will be converted to individual non-transferable CUBES securities.

### § 358.6 What is the procedure for converting bearer corpora and detached bearer coupons to book-entry?

Bearer corpora and detached bearer coupons must be submitted in accordance with our procedures. They must be accompanied by an approved form executed by an authorized officer of the submitting depository institution.

## § 358.7

Until we verify the submission, the bearer corpora and detached bearer coupons are subject to rejection or adjustment.

### **§ 358.7 Where do I send my bearer corpora and detached bearer coupons to be converted?**

Send bearer corpora and detached bearer coupons to be converted to: Bureau of the Public Debt, Division of Customer Service, P. O. Box 426, Parkersburg, WV 26106-0426.

### **§ 358.8 Are there fees for the conversion of bearer corpora or detached bearer coupons?**

We do not charge fees for the conversion of bearer corpora or detached bearer coupons to BECCS or CUBES securities.

### **§ 358.9 Who is responsible for the cost and risks associated with the shipment of securities?**

The following guidelines apply to the transportation of bearer corpora and detached bearer coupons:

- (a) Shipment from the depository institution is at the risk and expense of the depository institution;
- (b) Shipment between our designated agent and the Department, if required, is at our risk and expense; and
- (c) Shipment of securities that are returned to the depository institution is at the risk and expense of the depository institution.

### **§ 358.10 How are amounts of less than one dollar credited?**

Only full dollar amounts can be held in CUBES; principal amounts that include cents cannot be held in CUBES. Upon the conversion of coupons to CUBES, amounts of less than one dollar in aggregate per CUBES CUSIP will not be credited to the account of the depository institution.

*Example:* A depository institution submits five coupons with face amount of \$346.88 each, and a total dollar amount of \$1,734.40. Upon conversion of these coupons to CUBES, only \$1,734.00 will be credited to the depository institution's account.

## 31 CFR Ch. II (7-1-02 Edition)

### **§ 358.11 What is required to establish the authority of a depository institution to request conversion?**

By submitting bearer corpora and detached bearer coupons for conversion to BECCS and CUBES securities, a depository institution represents that it has the authority to request the conversion.

### **§ 358.12 What is Treasury's liability if the depository institution does not have authority to convert securities?**

We are not liable if the depository institution has no authority to convert the bearer corpora and detached bearer coupons to book-entry form or to take other actions in respect to book-entry accounts in BECCS and CUBES.

### **§ 358.13 What is Treasury's liability if the depository institution incurs a loss because it does not follow required procedures?**

We are not liable for any loss incurred by the depository institution as a result of its failure to properly follow our procedures.

### **§ 358.14 What happens when securities are accepted for conversion?**

(a) After processing and initial verification, we will transfer the securities accepted to the depository institution's book-entry account, establishing a securities entitlement in TRADES according to 31 CFR part 357 subpart B.

(b) We will do the final verification within twenty (20) business days of initial receipt of the bearer corpora and detached bearer coupons.

(c) If at any time after this twenty (20) day period we determine that the security was improperly credited to the BECCS or CUBES account of the depository institution, such as in the case of a previously undetected, counterfeit security, we reserve the right to adjust the BECCS or CUBES account.

### **§ 358.15 What happens if securities are adjusted?**

(a) If we make an adjustment to all or part of the submitted securities, we will instruct the depository institution to transfer BECCS or CUBES securities of the same payment date and face

## Fiscal Service, Treasury

## § 359.0

amount from the depository institution's account to an account that we designate.

(b) If no such BECCS or CUBES securities exist in the depository institution's account, we will instruct the depository institution as to how the adjustment will be made.

(c) If the depository institution fails to comply with our instructions within five (5) business days of receipt of the instructions, we reserve the right to debit the master account of the depository institution for the face value of the adjusted bearer corpora and detached bearer coupons. By the submission of the bearer corpora and detached bearer coupons, the depository institution is deemed to agree to this debit.

### § 358.16 Are BECCS and CUBES accounts maintained separately from the STRIPS program?

BECCS and CUBES accounts are maintained separately from accounts maintained in Treasury's STRIPS (Separate Trading of Registered Interest and Principal of Securities) program.

### § 358.17 Can BECCS and CUBES securities be reconstituted to physical form?

After bearer corpora and detached bearer coupons have been converted to book-entry form, reconversion to physical form is prohibited. The reconstitution of a BECCS security with CUBES securities or any combination of Treasury obligations is prohibited.

### § 358.18 What limitations exist on liability?

(a) Except as otherwise provided by regulation, circular, or written agreement, any fiscal agent designated to act on our behalf is liable for its action or omission only if it failed to exercise ordinary care.

(b) We do not assume any responsibility to any party except the sending and receiving depository institutions involved in a BECCS or CUBES transaction.

(c) We do not assume any responsibility in connection with a BECCS or CUBES transaction for the insolvency, neglect, misconduct, mistake, or de-

fault of another bank or person, including the immediate participants.

### § 358.19 Who is responsible for any loss resulting from the conversion of a bearer corpus missing callable coupons?

The submitting depository institution shall indemnify the United States against any loss resulting from the conversion of a bearer corpus that is missing one or more associated callable coupons.

### § 358.20 Can these regulations be waived?

We reserve the right to waive or modify any provision of the regulations in this part for the convenience of the United States or to relieve any person of unnecessary hardship, if such action is not inconsistent with law, does not impair existing rights, and does not subject the United States to any substantial expense or liability.

### § 358.21 Can these regulations be amended?

We may at any time supplement, amend, or revise the regulations in this part.

## PART 359—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES I

Sec.	
359.0	Offering of bonds.
359.1	Governing regulations.
359.2	Description of bonds.
359.3	Investment considerations.
359.4	Registration and issue.
359.5	Limitation on purchases.
359.6	Purchase of bonds.
359.7	Delivery of bonds.
359.8	Payment or redemption.
359.9	Taxation.
359.10	Education savings bond program.
359.11	Reservation as to book-entry bonds.
359.12	Reservation as to issue of bonds.
359.13	Waiver.
359.14	Fiscal agents.
359.15	Reservation as to terms of offer.

AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

SOURCE: 63 FR 38044, July 14, 1998, unless otherwise noted.

### § 359.0 Offering of bonds.

The Secretary of the Treasury offers for sale to the people of the United States, United States Savings Bonds of

**§ 359.1**

Series I, hereinafter referred to as Series I bonds or bonds. This offer, effective September 1, 1998, will continue until terminated by the Secretary of the Treasury.

**§ 359.1 Governing regulations.**

Series I bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series I, contained in Department of the Treasury Circular, Public Debt Series No. 2-98 (31 CFR part 360), hereinafter referred to as Circular No. 2-98. Treasury expressly disclaims the effect of, and does not warranty the correctness of, any representations or warranties regarding Series I bonds, wherever made, that in any way conflict with the terms and conditions of Series I bonds, as set out in these regulations and other applicable law. The regulations in 31 CFR part 370 apply to transactions for the purchase of United States Savings Bonds issued through the Bureau of the Public Debt. The regulations in 31 CFR part 370 do not apply to transactions for the purchase of bonds through issuing agents generally, unless and to the extent otherwise directed by the Commissioner of the Bureau of the Public Debt or the Commissioner's designee.

**§ 359.2 Description of bonds.**

(a) *General.* Series I bonds are issued only in registered form (subject to § 359.11) and are non-transferable. The bonds may be either in book-entry or definitive form.

(b) *Denominations and prices.* Series I bonds are issued at par (face amount). The denominations and purchase prices are as follows:

Denomination	Purchase price
\$ 50 .....	\$50.00
75 .....	75.00
100 .....	100.00
200 .....	200.00
500 .....	500.00
1,000 .....	1,000.00
5,000 .....	5,000.00
10,000 .....	10,000.00

(c) *Term—maturity period.* The issue date of a Series I bond is the first day of the month in which the issue price is received by an authorized issuing

agent. Series I bonds have a maturity period of 30 years, consisting of an original maturity period of 20 years and an automatic extension period of 10 years.

(d) *Redemption.* A Series I bond may be redeemed beginning six months after its issue date or at any time thereafter. The Secretary of the Treasury may not call a Series I bond for redemption prior to an original maturity period of 20 years and an automatic extension period of 10 years, for a total period of 30 years from its issue date.

(e) *Composite rates and redemption values.* (1) The following definitions apply for determining the composite rates and redemption values:

(i) *Rate announcements.* Rates applicable to Series I bonds will be furnished in rate announcements published each May 1 and November 1, or at any other date determined by the Secretary or the Secretary's designee. If the regularly scheduled date for the announcement (for example, May 1) is a day when the Treasury is not open for business, then the announcement is made on the next business day; however, the effective date of the rates remains the first day of the month of the announcement.

(ii) *Fixed rate of return.* Each May and November, or at any other date determined by the Secretary or the Secretary's designee, the Secretary shall establish the fixed rate of return for Series I bonds issue-dated during the six-month period, or any other period determined by the Secretary or the Secretary's designee, beginning on such date. Such fixed rate of return will be applicable for the life of the bond.

(iii) *Semiannual inflation rate.* Each May and November, or at any other date determined by the Secretary or the Secretary's designee, Treasury will announce a variable semiannual inflation rate for Series I bonds. The index used to determine this rate will be the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers ("CPI-U") published by the Bureau of Labor Statistics ("BLS") of the U.S. Department of Labor. The semiannual inflation

rate to be effective with the May announcement, and the rate that is effective for Series I bonds offered from September 1, 1998, through October 31, 1998, will reflect the rate of change in the CPI-U for the six-month period ending with the immediately preceding March 31. The rate of change over the six-month period will be expressed as a percentage, rounded to the nearest one-hundredth of one percent. More specifically, the semiannual inflation rate will reflect the CPI-U value for the most recent March less the value for the preceding September, that difference will then be divided by the CPI-U value for the preceding September, and the result will be multiplied by 100 to convert the rate to a percentage. The resulting rate will be rounded to the nearest one-hundredth of one percent. The semiannual inflation rate to be effective with the November announcement, reflecting the change in the CPI-U for the six-month period ending with the immediately preceding September, will be similarly determined. In certain deflationary conditions, the semiannual inflation rate may be negative to such an extent that it will offset the fixed rate of return. However, the redemption value of a Series I bond for any particular month will not be less than the value for the preceding month. (See § 359.3(b) for a discussion of the lag between when inflation is measured and when it is reflected in the value of a bond.)

(iv) *Index contingencies.* If a previously reported CPI-U is revised, Treasury will continue to use the previously reported CPI-U in calculating redemption values. If the CPI-U is rebased to a different year, Treasury will continue to use the CPI-U based on the base reference period in effect when the security was first issued, as long as that CPI continues to be published. If, while an inflation-indexed savings bond is outstanding, the applicable CPI-U is discontinued, in the judgment of the Secretary, fundamentally altered in a manner materially adverse to the interests of an investor in the security, or in the judgment of the Secretary, altered by legislation or Executive Order in a manner materially adverse to the interests of an investor in the security, Treasury, after

consulting with the Bureau of Labor Statistics ("BLS"), or any successor agency, will substitute an appropriate alternative index. Treasury will then notify the public of the substitute index and how it will be applied. Determinations of the Secretary in this regard will be final.

(v) *Composite rate.* (A) The fixed rate of return, FR, and the semiannual inflation rate, SIR, as determined in paragraphs (e)(1)(ii) and (iii) of this section are divided by 100 to remove the percentage format (*i.e.*, to convert to decimal form) and are then combined into a composite annual rate, CR, in accordance with the following formula:

$$CR = \{SIR + (FR + 2) + [SIR \times (FR + 2)]\} \times 2$$

(B) The resulting annual rate is converted to a percentage and is rounded to the nearest one-hundredth of one percent. The composite rates will be announced by Treasury each May and November, or at any other date determined by the Secretary or the Secretary's designee, and will be derived from the semiannual inflation rate announced on the same date and the fixed rates of return applicable to Series I savings bonds.

(vi) *Base denomination.* All value calculations are performed on a hypothetical denomination of \$25 having a value at the beginning of the first semiannual rate period equal to the issue price of \$25. Redemption values for bonds of greater denominations are in direct proportion according to the ratio of denominations. For example, if the value of a hypothetical \$25 denomination is \$41.20—*i.e.*, \$25.00 issue price plus \$16.20 accrued interest—on the same redemption date, the value of a \$50 bond bearing the same issue date is  $\$41.20 \times (50/25)$  or \$82.40.

(vii) *Issue date.* The issue date of a Series I bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent.

(viii) *Redemption value.* The redemption value of a bond is that amount that will be paid when the bond is redeemed.

(ix) *Accrual date.* Earnings on a Series I bond, if any, accrue on the first day of each month. The redemption value

§ 359.2

31 CFR Ch. II (7-1-02 Edition)

of a bond does not change between these accrual dates.

(x) *Semiannual rate periods.* Semiannual rate periods are the six-month periods beginning on the date of issue and on each semiannual anniversary of the date of issue to maturity.

(xi) *Maturity.* Series I bonds have a maturity period of 30 years, consisting of an original period of 20 years and an automatic extension period of 10 years. The bonds have an interest paying life of 30 years after the date of issue and cease to increase in value as of that date.

(2) *Interest rates and monthly accruals.* Series I composite rates, defined in

paragraph (e)(1)(v) of this section, apply to earnings during the first semiannual rate period beginning on or after the effective date of the rate. Interest, at the composite rate from the beginning of the semiannual rate period, accrues according to the formula specified in paragraph (e)(4)(ii) of this section. The following table shows, for any given month of issue with composite rates announced each May and November, the months making up the semiannual rate period during which interest is earned at the composite rate specified in the announcement:

Month of issuance	Semiannual rate period (1) begins	Announcement date of composite rate that applies during rate period (1)	Semiannual rate period (2) begins	Announcement date of composite rate that applies during rate period (2)
January .....	January 1 .....	November 1 (announced 2 months prior to beginning of semiannual rate period).	July 1 .....	May 1 (announced 2 months prior to beginning of semiannual rate period).
February .....	February 1 .....	November 1 (announced 3 months prior to beginning of semiannual rate period).	August 1 .....	May 1 (announced 3 months prior to beginning of semiannual rate period).
March .....	March 1 .....	November 1 (announced 4 months prior to beginning of semiannual rate period).	September 1 .....	May 1 (announced 4 months prior to beginning of semiannual rate period).
April .....	April 1 .....	November 1 (announced 5 months prior to beginning of semiannual rate period).	October 1 .....	May 1 (announced 5 months prior to beginning of semiannual rate period).
May .....	May 1 .....	May 1 .....	November 1 .....	November 1.
June .....	June 1 .....	May 1 (announced 1 month prior to beginning of semiannual rate period).	December 1 .....	November 1 (announced 1 month prior to beginning of semiannual rate period).
July .....	July 1 .....	May 1 (announced 2 months prior to beginning of semiannual rate period).	January 1 .....	November 1 (announced 2 months prior to beginning of semiannual rate period).
August .....	August 1 .....	May 1 (announced 3 months prior to beginning of semiannual rate period).	February 1 .....	November 1 (announced 3 months prior to beginning of semiannual rate period).
September ...	September 1 .....	May 1 (announced 4 months prior to beginning of semiannual rate period).	March 1 .....	November 1 (announced 4 months prior to beginning of semiannual rate period).
October .....	October 1 .....	May 1 (announced 5 months prior to beginning of semiannual rate period).	April 1 .....	November 1 (announced 5 months prior to beginning of semiannual rate period).
November ....	November 1 .....	November 1 .....	May 1 .....	May 1.
December ....	December 1 .....	November 1 (announced 1 month prior to beginning of semiannual rate period).	June 1 .....	May 1 (announced 1 month prior to beginning of semiannual rate period).

**Notes:** (1) Notwithstanding any consideration of the interest penalty for early redemption, interest earned during each month of a semiannual rate period accrues according to the formula specified in § 359.2(e)(4)(ii).

(2) Also, if the regularly scheduled date for a composite rate announcement is a day that Treasury is not open for business, the announcement will be made on the next business day; however, the effective date of the rate will be the first day of the month of the announcement.



(3) *Interest penalty for Series I bonds redeemed less than five years following the issue dates.* If a Series I bond is redeemed less than five years following the date of issue, the overall earning period from the date of issue will be reduced by three months. For example, if a bond issued January 1, 1999, is redeemed nine months later on October 1, 1999, the redemption value will be determined by applying the value calculation procedures described in paragraph (e)(4) of this section and the Series I bond composite rate for that bond as if the redemption date were three months earlier (July 1, 1999). The redemption value of a bond subject to the three-month interest penalty shall not be reduced below the issue price. This penalty does not apply to bonds redeemed five years or more after the date of issue.

(4) *Redemption value calculations.* (i) Interest on a bond accrues and becomes part of the redemption value which is paid when the bond is redeemed.

(ii) The redemption value of a bond for the accrual date (the first day of each month) is determined in accordance with this section and the following:

(A) Determine the composite rate as defined in paragraph (e)(1)(v) of this section. If the result of the composite rate calculation is a negative value, zero will be the assumed composite rate in the redemption value calculation. Redemption values are calculated using the following formula:

$$FV = PV \times \{ [1 + (CR \div 2)]^{(m \div 6)} \}$$

Where:

FV (future value) = redemption value on the accrual date rounded to the nearest cent.

PV (present value) = value at the beginning of the semiannual rate period calculated without consideration of penalty. For bonds that are older than five years, PV will equal the redemption value at the start of the semiannual rate period.

CR = composite rate as defined in paragraph (e)(1)(v) of this section converted to decimal form by dividing by 100.

m = number of full calendar months elapsed during the semiannual rate period.

(B) The following hypothetical examples illustrate how this formula is applied:

(1) For a bond five years or older:

*Example:* i. Given a Series I bond composite rate of 5.02%, effective May 1, 2003, for a hypothetical bond denominated at \$25, with an issue date of September 1, 1998, and a redemption value of \$31.90 as of September 1, 2003, the February 1, 2004, redemption value is calculated as follows: bonds issue-dated in September have semiannual rate periods beginning each March 1 and September 1. The first semiannual rate period to begin on or after the date of the May 1, 2003, rate announcement composite rate would be the period beginning September 1, 2003. PV, the present value, \$31.90, would be the redemption value of the bond at the beginning of the semiannual rate period (September 1, 2003). The composite rate, 5.02% converted to a decimal, would be 0.0502. The number of months, m, is five, since five full calendar months (September through January) have lapsed since the beginning of the semiannual rate period. FV, the redemption value (rounded to the nearest cent), is then the result of the formula:

$$FV = PV \times \{ [1 + (CR \div 2)]^{(m \div 6)} \} \text{ where}$$

$$FV = 31.90 \times \{ [1 + (0.0502 \div 2)]^{(5 \div 6)} \} = \$32.57$$

ii. The redemption value for the actual denomination of a Series I bond can be determined by applying the appropriate multiple, for example: \$32.57 x (\$100.00 ÷ \$25.00) for a bond with a \$100.00 face amount; or \$32.57 x (\$1000.00 ÷ \$25.00) for a bond with a \$1000.00 face amount.

(2) For a bond less than five years old:

*Example:* i. Assume a composite rate of 5.07% effective May 1, 2003, for a bond denominated at \$25.00, with an issue date of December 1, 2000, a redemption date of February 1, 2004, and a value on June 1, 2003, of \$28.45, without consideration of penalty. A three-month penalty is assessed since the redemption date is less than five years after the issue date. The penalty is accounted for by assuming that the redemption date is three months earlier (November 1, 2003). The February 1, 2004, redemption value is then calculated as follows: bonds issue-dated in December have semiannual rate periods that begin each June 1 and December 1. The first semiannual rate period to begin on or after the May 1, 2003, rate announcement composite rate would be the period beginning June 1, 2003. PV, the present value, \$28.45, is the value of the bond at the beginning of the semiannual rate period (June 1, 2003), without consideration of penalty. The composite rate, 5.07%, converted to a decimal, would be 0.0507. The number of months, m, is five, since five full calendar months (June through October) have elapsed since the beginning of the semiannual rate period and the redemption date (as adjusted for penalty). FV, the redemption value (rounded to

### § 359.3

the nearest cent), is then the result of the formula:

$$FV = PV \times \{[1 + (CR + 2)]^{(m + 6)}\} \text{ where}$$
$$FV = \$28.45 \times \{[1 + (0.0507 + 2)]^{(5 + 6)}\} = \$29.05$$

ii. The redemption value for the actual denomination of a Series I bond can be determined by applying the appropriate multiple, for example: \$29.05 x (\$100.00 + \$25.00) for a bond with a \$100.00 face amount; or \$29.05 x (\$1000.00 + \$25.00) for a bond with a \$1000.00 face amount.

(5) *The Secretary's determination.* The determination by the Secretary of the Treasury, or the Secretary's designee, of fixed rates of return, semiannual inflation rates, composite rates, and savings bond redemption values shall be final and conclusive.

(6) *Tables of redemption values.* Tables of redemption values are made available in various formats and media, including on the Internet, by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328. Treasury reserves the right to cease making the tables of redemption values available in any of these formats or media. Redemption values published in such tables reflect the three-month interest penalty applied to bonds redeemed prior to five years from the date of issue.

[63 FR 38044, July 14, 1998, as amended at 63 FR 45946, Aug. 28, 1998]

### § 359.3 Investment considerations.

(a) *Index contingencies.* (1) If a previously reported CPI is revised, Treasury will continue to use the previously reported CPI in calculating redemption values.

(2) If the CPI is rebased to a different year, Treasury will continue to use the CPI based on the base reference period in effect when the savings bond was first issued, as long as that CPI continues to be published.

(3) If, while a Series I savings bond is outstanding, the applicable CPI is discontinued, in the judgment of the Secretary, fundamentally altered in a manner materially adverse to the interests of an investor in the savings bond, or in the judgment of the Secretary, altered by legislation or Executive Order in a manner materially adverse to the interests of an investor in the savings bond, Treasury, after consulting with the Bureau of Labor Statistics, or any successor agency, will

### 31 CFR Ch. II (7-1-02 Edition)

substitute an appropriate alternative index. Treasury will then notify the public of the substitute index and how it will be applied. Determinations of the Secretary in this regard will be final.

(4) If the CPI for a particular month is not reported by the last day of the following month, the Treasury will announce an index number based on the last 12-month change in the CPI available. Any calculations of the Treasury's payment obligations on the inflation-indexed savings bond that rely on that month's CPI will be based on the index number that Treasury has announced.

(b) *Inflation lag.* (1) The inflation rate component of investor earnings will be determined twice each year. This rate will be the percentage change in the CPI-U for the six months ending each March and September. The rate will be included in the composite rate that is announced each May and November. For Series I bonds offered from September 1, 1998, through October 31, 1998, the inflation rate component of investor earnings will be the percentage change in the CPI-U for the six months ending March 31, 1998. This rate will be included in the composite rate that is announced for Series I bonds offered effective from September 1, 1998, through October 31, 1998. In the event the Secretary, or the Secretary's designee, announces a composite rate at an effective date other than May 1 or November 1, the announcement will specify the period to be used to calculate the semiannual inflation rate. Each composite rate will be effective for the entirety of the applicable rate period that begins while the rate is in effect. Thus, an inflation rate may affect interest accruals from 3 to 13 months from the date that the CPI-U is measured.

(2) For example, the inflation rate determined from the CPI-U for the six-month period from October 1, 2003, through March 31, 2004, will be included in the composite rate announced on May 1, 2004. For a bond purchased in May 1999, this rate will go into effect immediately, since a new semiannual rate period for this bond will begin on May 1, 2004. Series I bonds issued in May begin new semiannual rate periods in the months of May and November.

In this example, the inflation rate will have its earliest impact in June 2004, when interest from May accrues, three months after the end of the six-month CPI-U period that ends March 31, 2004.

(3) As another example, the May 1, 2004, rate will apply similarly to a bond purchased in October 1999. Series I bonds issued in October begin new semiannual rate periods in the months of April and October. Thus, for this bond, the May 1, 2004, composite rate (which includes the inflation rate) will not go into effect until a new semi-annual rate period begins on October 1, 2004. This rate, therefore, will determine the inflation-indexed portion of each interest accrual from November 2004 through April 2005. In this example, the inflation rate will have its latest impact in April 2005, 13 months following the six-month CPI-U period that ended March 31, 2004.

(c) *Liquidity*. A Series I bond may be redeemed beginning six months after its issue date or at any time thereafter. However, a bond redeemed less than five years from its issue date will be subject to a three-month interest penalty.

(d) *Early redemption penalty*. If a Series I bond is redeemed less than five years following the date of issue, the overall earning period from the date of issue will be reduced by three months. For example, if a bond issued January 1, 1999, is redeemed nine months later on October 1, 1999, the redemption value will be determined by applying the redemption value calculation procedures described in § 359.2(e)(4) and the Series I composite rate for that bond as if the redemption date were three months earlier (July 1, 1999). The redemption value of a bond subject to the three-month interest penalty shall not be reduced below the issue price. This penalty does not apply to bonds redeemed five years or more after the date of issue.

[63 FR 38044, July 14, 1998, as amended at 63 FR 45947, Aug. 28, 1998]

#### § 359.4 Registration and issue.

(a) *Registration*. Bonds may be registered as set forth in 31 CFR part 360, subpart B, also published as Department of the Treasury Circular, Public Debt Series No. 2-98. Generally, bonds

may be registered in the names of natural persons in single owner, coowner (for example: "John Doe 123-45-6789 OR Mary Doe"), or beneficiary ("John Doe 123-45-6789 payable on death to (POD) Mary Doe") forms of registration.

(b) *Validity of issue*. A bond is validly issued when it is registered as provided in Circular No. 2-98, and when it bears an issue date, as well as the validation indicia of an authorized issuing agent.

(c) *Taxpayer Identifying Number (TIN)*. The inscription of a bond must include the TIN of the owner or first-named co-owner. If the bond is being purchased as a gift or award and the owner's TIN is not known, the TIN of the purchaser must be included in the inscription on the bond.

(d) *Prohibition on chain letters*. The issuance of bonds in the furtherance of a chain letter or pyramid scheme is against the public interest and is prohibited. An issuing agent is authorized to refuse to issue a bond or accept a purchase order if there is reason to believe that a purchase is in connection with a chain letter. The agent's decision is final.

#### § 359.5 Limitation on purchases.

The amount of Series I bonds which may be purchased in the name of any one person, in any one calendar year, is limited to \$30,000 par value. Circular No. 2-98 (31 CFR part 360, subpart C) contains the rules governing the computation of amounts and the special limitation for employee plans.

#### § 359.6 Purchase of bonds.

(a) *Payroll sales*—(1) *Payroll savings plans*. Bonds may be purchased through deductions from the pay of employees of organizations that maintain payroll savings plans. The bonds must be issued by an authorized issuing agent.

(2) *Employee thrift, savings, vacation, and similar plans*. Bonds registered in the names of employee plans may be purchased in book-entry form in authorized denominations through a designated Federal Reserve Bank after Bureau of the Public Debt approval of the plan as eligible for the special limitation under 31 CFR 360.13, also published as § 360.13 of Department of the Treasury Circular, Public Debt Series No. 2-98.

## § 359.7

(b) *Over-the-counter sales*—(1) *Eligible issuing agents.* Bonds may be purchased through any issuing agent, except that an organization serving as an issuing agent because of its status as an employer or an organization operating an employer's payroll savings plan under 31 CFR 317.2(c) may sell bonds only through payroll savings plans.

(2) *Manner of sale.* An application for the purchase of a bond must be accompanied by a remittance to cover the issue price. The purchase application and remittance may be submitted to an issuing agent by any means acceptable to the issuing agent. An application may authorize purchases on a recurring basis. The issuing agent bears the burden of collection and the risk of loss for non-collection or return of the remittance.

### § 359.7 Delivery of bonds.

Issuing agents are authorized to arrange for the delivery of Series I bonds. Mail deliveries are made at the risk and expense of the United States to the address given by the purchaser, if it is within the United States, its territories or possessions, or the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made, except to residents of Mexico and Canada who participate in payroll saving plans. Bonds purchased by a citizen of the United States residing abroad will be delivered only to such address in the United States as the purchaser directs.

### § 359.8 Payment or redemption.

(a) *Incorporated banks, savings and loan associations and other financial institutions*—(1) *Payment in general.* A financial institution qualified as a paying agent under the provisions of 31 CFR part 321, also published as Department of the Treasury Circular No. 750, will pay the current redemption value of a Series I bond presented for payment by an individual whose name is inscribed on the bond as owner or co-owner, provided:

(i) The bond is in order for payment; and

(ii) The presenter establishes his or her identity to the satisfaction of the agent, in accordance with Treasury instructions and identification guide-

## 31 CFR Ch. II (7-1-02 Edition)

lines, and signs and completes the request for payment.

(2) *Payment to beneficiary or legal representative.* A paying agent may (but is not required to) pay the current redemption value of a Series I bond upon the request of a beneficiary, if he or she survives the owner, or a legal representative designated in the bond registration by name and capacity, or a court-appointed representative of the last-deceased registrant's estate provided:

(i) The bond is in order for payment; and

(ii) The presenter establishes his or her identity to the satisfaction of the agent in accordance with Treasury instructions and identification guidelines, and otherwise complies with evidentiary requirements.

(b) *Federal Reserve Banks and Branches.* A Federal Reserve Bank or Branch referred to in § 359.14 will pay the current redemption value of a Series I bond presented for payment, provided the bond is in order for payment and the request for payment on the bond is properly signed and certified in accordance with Circular No. 2-98.

### § 359.9 Taxation.

(a) *General.* The increment in value, represented by the difference between the face (par amount) of a Series I bond and the redemption value received for it, is interest. This interest is subject to all taxes imposed under the Internal Revenue Code of 1986, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or interest by any State, any possession of the United States or any local taxing authority.

(b) *Federal income tax on bonds.* (1) An owner of Series I bonds may use either of the following two methods for reporting the increase in the redemption value of the bond for Federal income tax purposes:

(i) *Cash basis.* Defer reporting the increase to the year of final maturity, redemption, or other disposition, whichever is earlier; or

(ii) *Accrual basis.* Elect to report the increase each year as it accrues, in

## Fiscal Service, Treasury

## § 359.14

which case the election applies to all Series I bonds then owned by the taxpayer and those subsequently acquired as well as to any other obligations purchased on a discount basis, such as savings bonds of Series E or EE.

(2) If the method in paragraph (b)(1)(i) of this section is used, the taxpayer may change to the method in paragraph (b)(1)(ii) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(1)(ii) of this section is made, the taxpayer may change the method of reporting only by following the specific procedure prescribed by the Internal Revenue Service. For further information, the District Director of the taxpayer's district, or the Internal Revenue Service, Washington, DC 20224, should be consulted.

(c) *Reissue.* A reissue that affects the rights of any of the persons named on a Series I bond may have a tax consequence.

### § 359.10 Education savings bond program.

A bond owner or coowner may be able to exclude from income for Federal income tax purposes all or part of the interest received on the redemption of qualified savings bonds during the year, if that owner or coowner paid qualified higher education expenses during the same year and certain other conditions are satisfied. This exclusion is known as the Education Savings Bond Program, and authoritative information about the program can be found in Internal Revenue Service Publication 17, "Your Federal Income Tax", and Publication 550, "Investment Income and Expenses."

### § 359.11 Reservation as to book-entry bonds.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, reserves the right: To convert at any time, in whole or in part, any definitive Series I savings bonds to book-entry Series I savings bonds; and to issue Series I savings

bonds only in book-entry form. The Commissioner's action in any such respect is final.

### § 359.12 Reservation as to issue of bonds.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, is authorized to reject any application for Series I bonds, in whole or in part, and to refuse to issue, or permit to be issued, any bonds in any case or class of cases, if the Commissioner deems the action to be in the public interest, and the Commissioner's action in any such respect is final.

### § 359.13 Waiver.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify any provision of this Circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If such action would not be inconsistent with law or equity;

(b) If it does not impair any material existing rights; and

(c) If he or she is satisfied that such action would not subject the United States to any substantial expense or liability.

### § 359.14 Fiscal agents.

(a) Federal Reserve Banks and Branches referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her designee, in connection with the issue, servicing and redemption of Series I bonds. The Federal Reserve Banks and Branches, as fiscal agents of the United States, are subject to change (for example, due to consolidation), as determined by the Secretary of the Treasury, or his or her designee.

(b) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve district served	Geographic area served
Federal Reserve Bank, Buffalo Branch, 160 Delaware Avenue, Buffalo, NY 14202.	New York, Boston .....	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey (northern half), New York, Rhode Island, Vermont, Puerto Rico, Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, 717 Grant Street, Pittsburgh, PA 15219.	Cleveland, Philadelphia	Delaware, Kentucky (eastern half), New Jersey (southern half), Ohio, Pennsylvania, West Virginia (northern panhandle).
Federal Reserve Bank of Richmond, 701 East Byrd Street, Richmond, VA 23219.	Richmond, Atlanta .....	Alabama, District of Columbia, Florida, Georgia, Louisiana (southern half), Maryland, Mississippi (southern half), North Carolina, South Carolina, Tennessee (eastern half), Virginia, West Virginia (except northern panhandle).
Federal Reserve Bank of Minneapolis, 90 Hennepin Avenue, Minneapolis, MN 55401.	Minneapolis, Chicago ....	Illinois (northern half), Indiana (northern half), Iowa, Michigan, Minnesota, Montana, North Dakota, South Dakota, Wisconsin.
Federal Reserve Bank of Kansas City, 925 Grand Boulevard, Kansas City, MO 64106.	Dallas, Kansas City, St. Louis, San Francisco.	Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois (southern half), Indiana (southern half), Kansas, Kentucky (western half), Louisiana (northern half), Mississippi (northern half), Missouri, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Tennessee (western half), Texas, Utah, Washington, Wyoming, Guam.

**§ 359.15 Reservation as to terms of offer.**

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

**PART 360—REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS, SERIES I**

**Subpart A—General Information**

- Sec.
- 360.0 Applicability.
- 360.1 Official agencies.
- 360.2 Definitions.

**Subpart B—Registration**

- 360.5 General rules.
- 360.6 Authorized forms of registration.
- 360.7 Chain letters prohibited.

**Subpart C—Limitations on Annual Purchases**

- 360.10 Amounts which may be purchased.
- 360.11 Computation of amount.
- 360.12 Disposition of excess.
- 360.13 Employee plans—Conditions of eligibility.

**Subpart D—Limitations on Transfer or Pledge**

- 360.15 Transfer.
- 360.16 Pledge.

**Subpart E—Judicial Proceedings**

- 360.20 General.

- 360.21 Payment to judgment creditors.
- 360.22 Payment or reissue pursuant to divorce.
- 360.23 Evidence.
- 360.24 Payment pursuant to judicial or administrative forfeiture.

**Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds**

- 360.25 General.
- 360.26 Application for relief; after receipt of bond.
- 360.27 Application for relief; nonreceipt of bond.
- 360.28 Recovery or receipt of bond before or after relief is granted.
- 360.29 Adjudication of claims.

**Subpart G—General Provisions for Payment**

- 360.35 Payment (redemption).
- 360.36 Payment during life of sole owner.
- 360.37 Payment during lives of both co-owners.
- 360.38 Payment during lifetime of owner of beneficiary bond.
- 360.39 Surrender for payment.
- 360.40 Special provisions for payment.
- 360.41 Partial redemption.
- 360.42 Nonreceipt or loss of remittance issued in payment.
- 360.43 Effective date of request for payment.
- 360.44 Withdrawal of request for payment.

**Subpart H—Reissue and Denominational Exchange**

- 360.45 General.
- 360.46 Effective date of request for reissue.
- 360.47 Authorized reissue; during lifetime.

**Fiscal Service, Treasury**

**§ 360.1**

- 360.48 Restrictions on reissue; denominational exchange.
- 360.49 Correction of errors.
- 360.50 Change of name.
- 360.51 Requests for reissue.

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 3105 and 3125.

SOURCE: 63 FR 38049, July 14, 1998, unless otherwise noted.

**Subpart I—Certifying Officers**

- 360.55 Individuals authorized to certify.
- 360.56 General instructions and liability.
- 360.57 When a certifying officer may not certify.
- 360.58 Forms to be certified.

**Subpart J—Minors, Incompetents, Aged Persons, Absentees, et al.**

- 360.60 Payment to representative of an estate.
- 360.61 Payment after death.
- 360.62 Payment to minor.
- 360.63 Payment to a parent or other person on behalf of a minor.
- 360.64 Payment or reinvestment—voluntary guardian of an incapacitated person.
- 360.65 Reissue.

**Subpart K—Deceased Owner, Coowner or Beneficiary**

- 360.70 General rules governing entitlement.
- 360.71 Estate administered.
- 360.72 Procedures for the payment or reissue of bonds that are property belonging to a decedent's estate.

**Subpart L—Fiduciaries**

- 360.75 Payment or reissue during the existence of the fiduciary estate.
- 360.76 Payment or reissue after termination of the fiduciary estate.

**Subpart M—Miscellaneous Provisions**

- 360.90 Waiver of regulations.
- 360.91 Additional requirements; bond of indemnity.
- 360.92 Supplements, amendments, or revisions.

**Subpart A—General Information**

**§ 360.0 Applicability.**

The regulations in this circular, Department of the Treasury Circular, Public Debt Series No. 2-98 (this part 360), govern transactions in United States Savings Bonds of Series I. These bonds bear issue dates of September 1, 1998, or thereafter.

**§ 360.1 Official agencies.**

(a) The Bureau of the Public Debt of the Department of the Treasury is responsible for administering the Savings Bond Program. Authority to process transactions has been delegated to Federal Reserve Banks and Branches listed in paragraph (b) of this section, as fiscal agents of the United States. The Federal Reserve Banks and Branches, and their authority to process transactions, as fiscal agents of the United States, are subject to change, as determined by the Secretary of the Treasury, or his or her designee.

(b) Communications concerning transactions and requests for forms should be addressed to:

(1) A Federal Reserve Bank or Branch in the list below; or, the Bureau of the Public Debt, 200 Third Street, Parkersburg, WV 26106-1328.

(2) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve district served	Geographic area served
Federal Reserve Bank, Buffalo Branch, 160 Delaware Avenue, Buffalo, NY 14202.	New York, Boston .....	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, (northern half), New York, Rhode Island, Vermont, Puerto Rico, Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, 717 Grant Street, Pittsburgh, PA 15219.	Cleveland, Philadelphia	Delaware, Kentucky (eastern half), New Jersey, (southern half), Ohio, Pennsylvania, West Virginia.
Federal Reserve Bank of Richmond, 701 East Byrd Street, Richmond, VA 23219.	Richmond, Atlanta .....	Alabama, District of Columbia, Florida, Georgia, Louisiana, (southern half), Maryland, Mississippi (southern half), North Carolina, South Carolina, Tennessee (eastern half), Virginia, West Virginia (except northern panhandle).
Federal Reserve Bank of Minneapolis, 90 Hennepin Avenue, Minneapolis, MN 55401.	Minneapolis, Chicago ....	Illinois (northern half), Indiana, (northern half), Iowa, Michigan, Minnesota, Montana, North Dakota, South Dakota, Wisconsin.

Servicing office	Reserve district served	Geographic area served
Federal Reserve Bank of Kansas City, 925 Grand Boulevard, Kansas City, MO 64106.	Dallas, San Francisco, Kansas City, St. Louis.	Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois (southern half), Indiana (southern half), Kansas, Kentucky, (western half), Louisiana (northern half), Mississippi (northern half), Missouri, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Tennessee (western half), Texas, Utah, Washington, Wyoming, Guam.

(c) Notices and documents must be filed with the agencies referred to in paragraphs (a) and (b) of this section and as indicated in the regulations in this part.

**§ 360.2 Definitions.**

(a) *Bond* means a United States Savings Bond of Series I, either in book-entry form, represented by an accounting entry or electronic record of a Federal Reserve Bank acting as fiscal agent of the United States, or the Department of the Treasury, or in definitive form, as a certificate.

(b) *Incompetent* means an individual who is incapable of handling his or her business affairs because of a legal, mental or medical disability, except that a minor is not an incompetent solely because of age.

(c) *Issuing agent* means an organization that has been qualified under the provisions of Department of the Treasury Circular, Public Debt Series No. 4–67, as revised and amended (31 CFR part 317), to issue savings bonds.

(d) *Paying agent* means a financial institution that has been qualified under the provisions of Department of the Treasury Circular No. 750, as revised and amended (31 CFR part 321), to make payment of savings bonds.

(e) *Payment* means redemption, unless otherwise indicated by the context.

(f) *Person* means a legal entity including an individual or fiduciary estate.

(g) *Personal trust estates* means trust estates established by natural persons in their own right for the benefit of themselves or other natural persons in whole or in part, and common trust funds comprised in whole or in part of such trust estates.

(h) *Reissue* means the cancellation and retirement of a bond and the issuance of a new bond or bonds of the same series, same issue date, and same total face amount.

(i) *Representative of the estate of a minor, incompetent, aged person, absentee, et al.* means the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the individual. The term does not include parents in their own right, voluntary or natural guardians, attorneys-in-fact, trustees of personal and similar trust estates, or the executors or administrators of decedents' estates.

(j) *Surrender* means the actual receipt of a definitive bond with an appropriate request for payment or reissue by either a Federal Reserve Bank or Branch or the Bureau of the Public Debt, or, if a paying agent is authorized to handle the transaction, the actual receipt of the definitive bond and the request for payment by the paying agent.

(k) *Taxpayer Identifying Number* means a social security account number or an employer identification number.

(l) *Voluntary guardian* means an individual who is recognized as authorized to act for an incompetent, as provided by § 360.64.

**Subpart B—Registration**

**§ 360.5 General rules.**

(a) *Registration is conclusive of ownership.* Savings bonds of Series I are issued only in registered form. The registration must express the actual ownership of, and interest in, the bond. The registration is conclusive of ownership, except as provided in § 360.49.

(b) *Requests for registration.* (1) Registrations requested must be clear, accurate and complete, conform substantially with one of the forms set forth in this subpart, and include the taxpayer identifying number of the owner or first-named coowner. The registration of all bonds owned by the same individual or fiduciary estate should be uniform with respect to the name of



## Fiscal Service, Treasury

## § 360.6

the owner and any description of the fiduciary capacity.

(2) An individual should be designated by the name he or she is ordinarily known by or uses in business, including at least one full given name. The name may be preceded or followed by any applicable title, such as Mr., Mrs., Ms., Miss, Dr., Rev., M.D., or D.D. A suffix, such as Sr. or Jr., must be included when ordinarily used or when necessary to distinguish the owner from another member of his family. A married woman's own first name, not that of her husband, must be used, for example, Mary A. Jones or Mrs. Mary A. Jones, NOT Mrs. Frank B. Jones. The address must include, where appropriate, the number and street, route, or any other local feature, city, State, and ZIP Code.

(c) *Inscription of bonds purchased as gifts.* If the bonds are purchased as gifts, awards, prizes, etc., and the taxpayer identifying numbers of the intended owners are not known, the purchaser's number must be furnished. Bonds so inscribed will not be associated with the purchaser's own holdings. A bond registered in the name of a purchaser with another person as co-owner or beneficiary is not considered a gift or an award. If the purchaser so requests, a bond may be inscribed to provide a "Mail to" instruction, followed by a delivery name and address. No rights of ownership are conferred on such designee.

### § 360.6 Authorized forms of registration.

Subject to any limitations or restrictions contained in these regulations on the right of any person to be named as owner, coowner, or beneficiary, bonds should be registered as indicated in this section. A savings bond inscribed in a form not substantially in agreement with one of the forms authorized by this subpart is not considered validly issued.

(a) *Natural persons.* A bond may be registered in the names of individuals in their own right, but only in one of the forms authorized by this paragraph (a).

(1) *Single ownership form.* A bond may be registered in the name of one individual.

*Example:* Julie B. Jones, 123-45-6789.

(2) *Coownership form.* A bond may be registered in the names of two individuals in the alternative as coowners. The form of registration "A and B" is not authorized.

*Examples:* David R. Johnson 123-45-6789 or Anna B. Johnson. Maria S. Gonzalez 987-65-4321 or Juan C. Gonzalez.

(3) *Beneficiary form.* A bond may be registered in the name of one individual payable on death to another. "Payable on death to" may be abbreviated to "P.O.D.".

*Examples:* Catherine B. Jordan 123-45-6789 payable on death to Daniel A. Jordan. Henry C. Rodriguez 123-45-6789 P.O.D. Maria S. Rodriguez.

(b) *Fiduciaries (including legal guardians, trustees, and similar representatives)*—(1) *General.* A bond may be registered in the name of any person or persons or any organization acting as fiduciary of a single fiduciary estate, but not where the fiduciary will hold the bond merely or principally as security for the performance of a duty, obligation, or service. A bond's registration should conform to a form authorized by this paragraph. A common trust fund established and maintained by a financial institution authorized to act as a fiduciary will be considered a single fiduciary estate within the meaning of the regulations in this part.

(2) *Legal guardians, conservators, similar representatives, certain custodians, etc.* A bond may be registered in the name and fiduciary capacity of the legally appointed or authorized representative of the estate of a minor, incompetent, aged or infirm person, absentee, et al., or of a personal or testamentary trust.

*Examples:* Tenth National Bank, Guardian (or Conservator, Trustee, etc.) of the Estate of George N. Brown 123-45-6789, a minor (or an incompetent, aged person, infirm person, or absentee). Henry C. Smith, Conservator of the Estate of John R. White 123-45-6789, an adult, pursuant to Sec. 633.572 of the Iowa Code. Juan B. Gonzalez 123-45-6789, a minor (or an incompetent) under custodianship by designation of the Veterans Administration. Frank M. Redd 123-45-6789, an incompetent for whom Eric A. Redd has been designated trustee by the Department of the Army pursuant to 37 U.S.C. 602. Richard A. Rowe 123-

## § 360.7

45-6789, for whom Reba L. Rowe is representative payee for social security benefits (or black lung benefits, as the case may be). Henry L. Green 123-45-6789 or George M. Brown, a minor under legal guardianship of the Tenth National Bank. Henry L. Green 123-45-6789 P.O.D. George M. Brown, a minor under legal guardianship of the Tenth National Bank. Harbor State Hospital and School, selected payee for Beth R. Weber 123-45-6789, a Civil Service annuitant, pursuant to 5 U.S.C. 8345(e). John F. Green or Mary B. Doe, Trustees of the Estate of Moe Green 123-45-6789. Thomas J. White and Tenth National Bank, Trustees under the Will of Robert J. Benjamin, deceased 12-3456789. Tenth National Bank, Trustee under Agreement with Mark S. Dunston, dated 2/1/98, 12-3456789. Ruth B. Grace and Pat A. Banks, Trustees under Agreement with Susan L. Chambers, dated 7/30/97, 12-3456789. Dennis R. Adams, Trustee under Declaration of Trust, dated 5/1/98, 12-3456789.

(3) *Employee thrift, savings, vacation and similar plans.* Bonds may be registered in the name and title, or title alone, of the trustee of an eligible employee thrift, savings, vacation, 401(k) or similar plan, as defined in § 360.13. If the instrument creating the trust provides that the trustees shall serve for a limited term, their names may be omitted.

*Examples:* Tenth National Bank, trustee of Pension Fund of Safety Manufacturing Company, U/A with the company, dated March 31, 1996, 12-3456789.

Trustees of Retirement Fund of Safety Manufacturing Company, under directors' resolution adopted March 31, 1996, 12-3456789.

County Trust Company, trustee of the Employee Savings Plan of Jones Company, Inc., U/A dated January 17, 1996, 12-3456789.

Trustees of the Employee Savings Plan of Brown Brothers, Inc., U/A dated January 20, 1996, 12-3456789.

(c) *The United States Treasury.* A person who desires to have a bond become the property of the United States upon his or her death may designate the United States Treasury as beneficiary.

*Example:* George T. Jones 123-45-6789 P.O.D. the United States Treasury.

## § 360.7 Chain letters prohibited.

The issuance of bonds in the furtherance of a chain letter, pyramid, or similar scheme is against the public interest and is prohibited.

## 31 CFR Ch. II (7-1-02 Edition)

### Subpart C—Limitations on Annual Purchases

#### § 360.10 Amounts which may be purchased.

The amount of savings bonds of Series I which may be purchased and held, in the name of any one person in any one calendar year, is computed according to the provisions of § 360.11 and is limited as follows:

(a) General annual limitation, \$30,000 (par value).

(b) Special limitation, \$4,000 (par value) multiplied by the highest number of employees participating in an eligible employee plan, as defined in § 360.13, at any time during the calendar year in which the bonds are issued.

#### § 360.11 Computation of amount.

(a) *General.* The purchases of bonds in the name of any person in an individual capacity are computed separately from purchases in a fiduciary capacity, *e.g.*, as representative for the estate of an individual.

(b) *Bonds included in computation.* In computing the purchases for each person, the following outstanding bonds are included:

(1) All bonds registered in the name and bearing the taxpayer identifying number of that person alone;

(2) All bonds registered in the name of the representative of the estate of that person and bearing that person's taxpayer identifying number; and

(3) All bonds registered in the name of that person as coowner that also bear that person's taxpayer identifying number.

(c) *Bonds excluded from computation.* In computing the purchases for each person, the following are excluded:

(1) Bonds on which that person is named beneficiary;

(2) Bonds to which that person has become entitled—

(i) Under § 360.70 as surviving beneficiary upon the death of the registered owner;

(ii) As an heir or a legatee of the deceased owner;

(iii) By virtue of the termination of a trust or the happening of a similar event; and

(3) Bonds that are purchased and redeemed within the same calendar year.

**§ 360.12 Disposition of excess.**

If any person at any time has savings bonds issued during any one calendar year in excess of the prescribed amount, instructions should be obtained from the Bureau of the Public Debt, Parkersburg, WV 26106-1328, for appropriate adjustment of the excess. Under the conditions specified in § 360.90, the Commissioner of the Public Debt may permit excess purchases to stand in any particular case or class of cases.

**§ 360.13 Employee plans—Conditions of eligibility.**

(a) *Definition of plan.* Employee thrift, savings, vacation, 401(k), and similar plans are contributory plans established by the employer for the exclusive and irrevocable benefit of its employees or their beneficiaries. Each plan must afford employees the means of making regular savings from their wages through payroll deductions and provide for employer contributions to be added to these savings.

(b) *Definition of terms used in this section.* (1) The term *assets* means all the employees' contributions and assets purchased with them and the employer's contributions and assets purchased with them, as well as accretions, such as dividends on stock, the increment in value on bonds and all other income; but, notwithstanding any other provision of this section, the right to demand and receive all assets credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such a distribution; for example, Series I bonds may not be reissued in unauthorized denominations.

(2) The word *beneficiary* means:

(i) The person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the plan upon the employee's death; or

(ii) The estate of the employee.

(c) *Conditions of eligibility.* An employee plan must conform to the following rules in order to be eligible for

the special limitation provided in § 360.10.

(1) *Crediting of assets.* All assets of a plan must be credited to the individual accounts of participating employees and may be distributed only to them or their beneficiaries, except as provided in paragraph (c)(3) of this section.

(2) *Purchase of bonds.* Bonds may be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose is equal to the purchase price of a \$50 bond or bonds in an authorized denomination or denominations, and shares in the bonds are credited to the accounts of the individuals from which the purchase price was derived, in amounts corresponding with their shares. For example, if \$100 credited to the account of John Jones is commingled with funds credited to the accounts of other employees to make a total of \$5,000 with which a Series I bond in the denomination of \$5,000 (face amount) is purchased in December 1998 and registered in the name and title of the trustee, the plan must provide, in effect, that John Jones' account be credited to show that he is the owner of a Series I bond in the denomination of \$100 (face amount) bearing an issue date of December 1, 1998.

(3) *Irrevocable right of withdrawal.* Each participating employee has an irrevocable right to request and receive from the trustee all assets credited to the employee's account (or their value, if the employee prefers) without regard to any conditions other than the loss or suspension of the privilege of participating further in the plan. A plan may limit or modify such right in any manner required for qualification of the plan under section 401 of the Internal Revenue Code of 1986, as amended (26 U.S.C. 401).

(4) *Rights of beneficiary.* Upon the death of an employee, his or her beneficiary shall have the absolute and unconditional right to demand and receive from the trustee all assets credited to the account of the employee or their value, if he or she so prefers.

(5) *Reissue or payment upon distribution.* (i) When settlement is made with an employee or his or her beneficiary with respect to any bond registered in

## § 360.15

the name and title of the plan trustee in which the employee has a share, the bond must be paid or reissued to the extent of the share.

(ii) If an employee or the beneficiary is to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the employee or the employee's beneficiary to the extent entitled, in authorized denominations, in any authorized form of registration, upon the request and certification of the trustee.

(d) *Application for special limitation.* A trustee of an employee plan who desires to purchase bonds under the special limitation should submit to the designated Federal Reserve Bank or Branch a copy of:

- (1) The plan;
- (2) Any instructions issued under the plan that concern Series I bonds; and
- (3) The trust agreement, in order to establish the plan's eligibility.

(e) *Vacation plans.* Savings bonds may be purchased under certain vacation plans. Questions concerning the eligibility of these plans to purchase bonds in excess of the general limitation should be addressed to the Bureau of the Public Debt, Parkersburg, WV 26106-1328.

### Subpart D—Limitations on Transfer or Pledge

#### § 360.15 Transfer.

Savings bonds are not transferable and are payable only to the owners named on the bonds, except as specifically provided in these regulations and then only in the manner and to the extent so provided.

#### § 360.16 Pledge.

A savings bond may not be hypothecated, pledged, or used as security for the performance of an obligation.

### Subpart E—Judicial Proceedings

#### § 360.20 General.

(a) The Department of the Treasury will not recognize a judicial determination that gives effect to an attempted voluntary inter vivos transfer of a bond, or a judicial determination that

## 31 CFR Ch. II (7-1-02 Edition)

impairs the rights of survivorship conferred by the regulations in this part upon a coowner or beneficiary. All provisions of this subpart are subject to these restrictions, except as provided in § 360.24.

(b) The Department of the Treasury will recognize a claim against an owner of a savings bond and conflicting claims of ownership of, or interest in, a bond between coowners or between the registered owner and the beneficiary, if established by valid judicial proceedings, but only as specifically provided in this subpart. Section 360.23 specifies the evidence required to establish the validity of the judicial proceedings.

(c) The Department of the Treasury and the agencies that issue, reissue, or redeem savings bonds will not accept a notice of an adverse claim or notice of pending judicial proceedings, nor undertake to protect the interests of a litigant not in possession of a savings bond.

#### § 360.21 Payment to judgment creditors.

(a) *Purchaser or officer under levy.* The Department of the Treasury will pay (but not reissue) a savings bond to the purchaser at a sale under a levy or to the officer authorized under appropriate process to levy upon property of the registered owner or coowner to satisfy a money judgment. Payment will be made only to the extent necessary to satisfy the money judgment. The amount paid is limited to the redemption value 60 days after the termination of the judicial proceedings. Except in the case of a levy by the Internal Revenue Service, payment of a bond registered in coownership form pursuant to a judgment or a levy against only one coowner is limited to the extent of that coowner's interest in the bond. That interest must be established by an agreement between the coowners or by a judgment, decree, or order of a court in a proceeding to which both coowners are parties. Payment of a bond registered in coownership form pursuant to a levy by the Internal Revenue Service will be made if the levy is against either coowner on the bond.

(b) *Trustee in bankruptcy, receiver, or similar court officer.* The Department of the Treasury will pay, at current redemption value, a savings bond to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer under the provisions of paragraph (a) of this section.

**§ 360.22 Payment or reissue pursuant to divorce.**

(a) *Divorce.* (1) The Department of the Treasury will recognize a divorce decree that ratifies or confirms a property settlement agreement disposing of bonds or that otherwise settles the interests of the parties in a bond. Reissue of a savings bond may be made to eliminate the name of one spouse as owner, coowner, or beneficiary or to substitute the name of one spouse for that of the other spouse as owner, coowner, or beneficiary pursuant to the decree. However, if the bond is registered in the name of one spouse with another person as coowner, there must be submitted either:

(i) A request for reissue by the other person; or

(ii) a certified copy of a judgment, decree, or court order entered in proceedings to which the other person and the spouse named on the bond are parties, determining the extent of the interest of that spouse in the bond. Reissue will be permitted only to the extent of that spouse's interest.

(2) The evidence required under § 360.23 must be submitted in every case. When the divorce decree does not set out the terms of the property settlement agreement, a certified copy of the agreement must be submitted. Payment, rather than reissue, will be made if requested.

(b) *Date for determining rights.* When payment or reissue under this section is to be made, the rights of the parties will be those existing under the regulations current at the time of the entry of the final judgment, decree, or court order.

**§ 360.23 Evidence.**

(a) *General.* To establish the validity of judicial proceedings, certified copies of the final judgment, decree, or court order, and of any necessary supplementary proceedings, must be sub-

mitted. If the judgment, decree, or court order was rendered more than six months prior to the presentation of the bond, there must also be submitted a certification from the clerk of the court, under court seal, dated within six months of the presentation of the bond, showing that the judgment, decree, or court order is in full force.

(b) *Trustee in bankruptcy or receiver of an insolvent's estate.* A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by appropriate evidence of appointment and qualification. The evidence must be certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

(c) *Receiver in equity or similar court officer.* A request for payment by a receiver in equity or a similar court officer, other than a receiver of an insolvent's estate, must be supported by a copy of an order that authorizes the presentation of the bond for redemption, certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

**§ 360.24 Payment pursuant to judicial or administrative forfeiture.**

(a) *Definitions.* As used in this part:

(1) *Contact point* means the individual designated to receive referrals from the Bureau of the Public Debt, as provided for in this section, by the Federal investigative agency, United States Attorney's Office, or forfeiting agency specified in Public Debt Form 1522.

(2) *Forfeiting agency* means the federal law enforcement agency responsible for the forfeiture.

(3) *Forfeiture.* (i) *Administrative forfeiture* means the process by which property may be forfeited by a federal agency rather than through judicial proceedings.

(ii) *Judicial forfeiture* means either a civil or a criminal proceeding in a United States District Court that may result in a final judgment and order of forfeiture.

(4) *Public Debt Form 1522* means the written notification of the forfeiture provided by the forfeiting agency to

**§ 360.25**

the Bureau of the Public Debt on a Public Debt Form 1522 SPECIAL FORM OF REQUEST FOR PAYMENT OF UNITED STATES SAVINGS AND RETIREMENT SECURITIES WHERE USE OF A DETACHED REQUEST IS AUTHORIZED. Public Debt Form 1522 must specify: the contact point; the issue date of each bond; the serial number for each bond; the date of forfeiture; the forfeiture fund to which payment is to be made; and be signed by an individual authorized by the forfeiting agency. The forfeited bonds and the completed Public Debt Form 1522 are to be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(b) *Forfeiture of bond.* (1) Upon receipt and review of the Public Debt Form 1522, as described in paragraph (a)(4) of this section, the Bureau of the Public Debt will make payment to the forfeiture fund specified on the form.

(2) The Bureau of the Public Debt will record the forfeiture, the forfeiture fund into which the proceeds were paid, the contact point, and any related information.

(3) The Bureau of the Public Debt will rely exclusively upon the information provided by the Federal agency in the Public Debt Form 1522 and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the request for payment.

(4) The amount paid is limited to the redemption value of the savings bonds as of the date of forfeiture specified in the Public Debt Form 1522.

(c) *Inquiry from previous owner.* (1) Upon payment made pursuant to paragraph (b) of this section, all inquiries from the previous owner, including requests for payment, reissue, or applications for relief, related to forfeited savings bonds, will be referred by the Bureau of the Public Debt to the contact point named in the Public Debt Form 1522.

(2) The Bureau of the Public Debt will notify the submitter of the inquiry of the referral to the contact point.

(3) The Bureau of the Public Debt will not investigate the inquiry and will defer to the forfeiting agency's determination of the appropriate course

**31 CFR Ch. II (7-1-02 Edition)**

of action, including settlement where appropriate. Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

**Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds**

**§ 360.25 General.**

Relief, by the issue of a substitute bond or by payment, is authorized for the loss, theft, destruction, mutilation, or defacement of a bond after receipt by the owner or his or her representative. As a condition for granting relief, the Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require a bond of indemnity, in the form, and with the surety, or security, he or she considers necessary to protect the interests of the United States. In all cases, the claimant or claimants must identify the lost, stolen, destroyed, mutilated, or defaced savings bond or savings bonds by serial number or serial numbers and must submit satisfactory evidence of the loss, theft, or destruction, or a satisfactory explanation of the mutilation or defacement.

**§ 360.26 Application for relief; after receipt of bond.**

(a) If the serial numbers of the lost, stolen, or destroyed bonds are known, the claimant should execute an application for relief on the appropriate form and submit it to the Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(b) If the bond serial numbers are not known, the claimant must provide sufficient information to enable the Bureau of the Public Debt to identify the bond by serial number. See § 360.29(c). The Bureau will furnish the proper application form and instructions.

(c) A defaced bond and all available fragments of a mutilated bond should be submitted to a Federal Reserve Office listed in § 360.1(b)(2) or the Bureau of the Public Debt.

(d) The application must be made by the person or persons (including both coowners, if living) authorized under the regulations in this part to request payment of the bond. In addition:

## Fiscal Service, Treasury

## § 360.37

(1) If the bond is in beneficiary form and the owner and beneficiary are both living, the application must be made by the owner, and the beneficiary may also be required to join in the application to protect the interests of the United States.

(2) If a minor named on a bond as owner, coowner, or beneficiary is not of sufficient competency and understanding to request payment, the parents or other person authorized to request payment under § 360.63 will ordinarily be required to join in the application.

(e) If the application is approved, relief will be granted either by the issuance of a bond bearing the same issue date as the bond for which the claim was filed or by the issuance of a remittance in payment.

### **§ 360.27 Application for relief; non-receipt of bond.**

If a bond issued on any transaction is not received, the issuing agent must be notified as promptly as possible and given all information available about the nonreceipt. An appropriate form and instructions will be provided. If the application is approved, relief will be granted by the issuance of a bond bearing the same issue date as the bond that was not received. Also, relief is authorized for the issuance of bonds for which the Secretary has not received payment, in order to preserve public confidence in dealing with issuing agents.

### **§ 360.28 Recovery or receipt of bond before or after relief is granted.**

(a) If a bond reported lost, stolen, destroyed, or not received, is recovered or received before relief is granted, the Bureau of the Public Debt, Parkersburg, WV 26106-1328, must be notified promptly.

(b) A bond for which relief has been granted is the property of the United States and, if recovered, must be promptly submitted to the Bureau of the Public Debt, Parkersburg, 26106-1328, for cancellation.

### **§ 360.29 Adjudication of claims.**

(a) *General.* The Bureau of the Public Debt will adjudicate claims for lost, stolen or destroyed bonds on the basis

of records created and regularly maintained in the ordinary course of business.

(b) *Claims filed 10 years after payment.* Any claim filed 10 years or more after the recorded date of redemption or other retirement will be barred.

(c) *Claims filed 10 years after maturity.* Any claim filed 10 years or more after the maturity of a savings bond will be barred.

## **Subpart G—General Provisions for Payment**

### **§ 360.35 Payment (redemption).**

(a) *General.* Payment of a Series I savings bond will be made to the person or persons entitled under the provisions of the regulations in this part, except that the redemption payment will not be delivered to addresses in areas with respect to which the Department of the Treasury restricts or regulates the delivery of remittances, including checks and electronic payments, drawn against funds of the United States. See Department of the Treasury Circular No. 655, current revision (31 CFR part 211). Payment will be made without regard to any notice of adverse claims to a bond and no stoppage or caveat against payment of a bond will be entered.

(b) *Mandatory initial holding period.* A Series I bond will be paid at any time after six months from issue date at the current redemption value determined in the manner described in Department of the Treasury Circular, Public Debt Series No. 1-98 (31 CFR part 359).

### **§ 360.36 Payment during life of sole owner.**

A savings bond registered in single ownership form (i.e., without a coowner or beneficiary) will be paid to the owner during his or her lifetime upon surrender with an appropriate request.

### **§ 360.37 Payment during lives of both coowners.**

A savings bond registered in coownership form will be paid to either coowner upon surrender with an appropriate request, and upon payment (as determined in § 360.43), the other coowner will cease to have any interest

### § 360.38

in the bond. If both coowners request payment, the payment will be made in the form, "John A. Jones AND Mary C. Jones".

#### § 360.38 Payment during lifetime of owner of beneficiary bond.

A savings bond registered in beneficiary form will be paid to the registered owner during his or her lifetime upon surrender with an appropriate request. Upon payment (as determined in § 360.43) the beneficiary will cease to have any interest in the bond.

#### § 360.39 Surrender for payment.

(a) *Procedure for definitive bonds of Series I presented at authorized paying agents.* The owner, coowner, or other person entitled to payment of a definitive Series I bond may present the bond to an authorized paying agent for redemption. The presenter must establish his or her identity and entitlement to payment in accordance with Treasury instructions and identification guidelines. The presenter must sign the request for payment on the bond or, if authorized, on a separate detached request, and add his or her address. If the request for payment has been signed, or signed and certified, before presentation of the bond, the paying agent must be satisfied that the person presenting the bond for payment is the owner, coowner, or other person entitled to payment, and may require the person to sign the request for payment again. If the bond is in order for payment, the paying agent will make payment at the current redemption value without charge to the presenter. Paying agents are not authorized to process any case involving partial redemption.

(b) *Procedure for all other cases.* In the case of definitive bonds to which the procedure in paragraph (a) of this section, does not apply, or if otherwise preferred, the owner or coowner, or other person entitled to payment should establish his or her identity to the satisfaction of an officer authorized by the regulations in this part to certify requests for payment, sign the requests for payment, and provide delivery information for the payment. The bonds must be forwarded to a designated Federal Reserve Bank or

### 31 CFR Ch. II (7-1-02 Edition)

Branch or the Bureau of the Public Debt. Usually, payment will be expedited by submission to a designated Federal Reserve Bank or Branch. In all cases, the cost and risk of presentation of a bond will be borne by the owner. Payment will be made to the registered owner or other person entitled and will be delivered according to the instructions of the owner or the other person entitled and the regulations in this part.

(c) *Date of request.* Requests executed more than six months before the date of receipt of a bond for payment will not be accepted. Neither will a bond be accepted if payment is requested as of a date more than three months in the future.

#### § 360.40 Special provisions for payment.

(a) *Owner's signature not required.* A bond may be paid by a paying agent or a designated Federal Reserve Bank or Branch without the owner's signature to the request for payment if the bond bears the special endorsement of a paying agent specifically qualified to place such an endorsement on savings bonds.

(b) *Signature by mark.* A signature by mark (X) must be witnessed by at least one disinterested person and a certifying officer. See subpart I of this part. The witness must attest to the signature by mark substantially as follows: "Witness to signature by mark", followed by his or her signature and address.

(c) *Name change.* If the name of the owner, coowner, or other person entitled to payment, as it appears in the registration or in any related evidence or documents has been changed in any legal manner, the signature to the request for payment must show both names and the manner in which the change was made; for example, "Mary T. Jones Smith (Mary T. J. Smith or Mary T. Smith) changed by marriage from Mary T. Jones", or "John R. Young, changed by order of court from Hans R. Jung". See § 360.50.

(d) *Attorneys-in-fact.* A request for payment executed by an attorney-in-fact on behalf of the bond owner or other person entitled to payment of the



## Fiscal Service, Treasury

## § 360.45

bond will be recognized if it is accompanied by a copy of the power of attorney which meets the following requirements:

(1) The power of attorney must bear the grantor's signature, properly certified or notarized, in accordance with applicable State law;

(2) The power of attorney must grant, by its terms, authority for the attorney-in-fact to sell or redeem the grantor's securities, sell his or her personal property, or otherwise contain similar authority; and

(3) In the case of a grantor who has become incapacitated, the power of attorney must conform with pertinent provisions of State law concerning its durability. Generally, in such circumstances, the power of attorney should provide that the authority granted will not be affected by the subsequent incompetence or incapacity of the grantor. Medical evidence or other proof of the grantor's condition may be required in any case.

### § 360.41 Partial redemption.

A bond may be redeemed in part at current redemption value, but only in amounts corresponding to authorized denominations, upon surrender of the bond to a designated Federal Reserve Bank or Branch or to the Bureau of the Public Debt in accordance with § 360.39(b). In any case in which partial redemption is requested, the phrase "to the extent of \$ \_\_\_\_\_ (face amount) and reissue of the remainder" should be added to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date, as provided in subpart H of this part.

### § 360.42 Nonreceipt or loss of remittance issued in payment.

If a remittance in payment of the redemption value of a bond surrendered for redemption is not received within a reasonable time or is lost after receipt, notice should be given to the same agency to which the bond was surrendered for payment. The notice should give the date the bond was surrendered for payment and describe the bond by series, denomination, serial number, and registration, including the taxpayer identifying number of the owner.

### § 360.43 Effective date of request for payment.

The Department of the Treasury will treat the receipt of a bond with an appropriate request for payment by:

(a) A Federal Reserve Bank or Branch;

(b) The Bureau of the Public Debt; or

(c) A paying agent authorized to pay that bond, as the date upon which the rights of the parties are fixed for the purpose of payment.

### § 360.44 Withdrawal of request for payment.

(a) *Withdrawal by owner or coowner.* An owner or coowner, who has surrendered a bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt or to an authorized paying agent with an appropriate request for payment, may withdraw the request if notice of intent to withdraw is received by the same agency prior to payment.

(b) *Withdrawal on behalf of deceased owner or incompetent.* A request for payment may be withdrawn under the same conditions as in paragraph (a) of this section by the executor or administrator of the estate of a deceased owner or by the person or persons who could have been entitled to the bond under subpart K of this part, or by the legal representative of the estate of a person under legal disability, unless surrender of the bond for payment has eliminated the interest of a surviving coowner or beneficiary. See § 360.70(b) and (c).

## Subpart H—Reissue and Denominational Exchange

### § 360.45 General

Reissue of a bond may be made only under the conditions specified in these regulations, and only at: A designated Federal Reserve Bank or Branch, or the Bureau of the Public Debt. Reissue will not be made if the request is received less than one full calendar month before the maturity date of a bond. See 31 CFR part 359. The request, however, will be effective to establish ownership as though the requested reissue had been made.

## § 360.46

### § 360.46 Effective date of request for reissue.

The Department of the Treasury will treat the receipt by: A Federal Reserve Bank or Branch, or the Bureau of the Public Debt of a bond and an acceptable request for reissue as determining the date upon which the rights of the parties are fixed for the purpose of reissue. For example, if the owner or either coowner of a bond dies after the bond has been surrendered for reissue, the bond will be regarded as having been reissued in the decedent's lifetime.

### § 360.47 Authorized reissue; during lifetime.

A bond belonging to a living individual may be reissued in any form of registration authorized by the regulations in this part upon an appropriate request under the conditions and for the purposes outlined in this section.

(a) *Single ownership.* A bond registered in single ownership form may be reissued:

(1) To add a coowner or beneficiary; or

(2) To name a new owner, with or without a coowner or beneficiary as requested by the new owner, but only if the previous owner and the new owner are parties to a divorce or annulment; or

(3) To name as new sole owner the personal trust estate created by the previous owner or which designates as beneficiary the previous owner.

(b) *Coownership.* During the lifetime of both coowners:

(1) A coownership bond may be reissued to name a new owner, with or without a coowner or beneficiary as requested by the new owner, but only if at least one of the coowners and the new owner are parties to a divorce or annulment, but reissue is limited to the extent of that coowner's interest in the bond (See § 360.22(a)); or

(2) To name as new sole owner the personal trust estate created by at least one of the coowners or which designates as beneficiary at least one of the coowners.

(c) *Beneficiary.* A bond registered in beneficiary form may be reissued:

(1) To substitute another individual as beneficiary; or

## 31 CFR Ch. II (7-1-02 Edition)

(2) To eliminate the beneficiary, and, if the beneficiary is eliminated, to effect any of the reissues authorized by paragraph (a) of this section.

### § 360.48 Restrictions on reissue; denominational exchange.

Reissue is not permitted solely to change denominations.

### § 360.49 Correction of errors.

A bond may be reissued to correct an error in registration upon appropriate request supported by satisfactory proof of the error.

### § 360.50 Change of name.

An owner, coowner, or beneficiary whose name is changed by marriage, divorce, annulment, order of court, or in any other legal manner after the issue of the bond should submit the bond with a request for reissue to substitute the new name for the name inscribed on the bond. Documentary evidence may be required in any appropriate case.

### § 360.51 Requests for reissue.

Subject to the conditions set out in this subpart, a request for reissue of bonds in coownership form must be signed by both coowners, except that a request solely to eliminate the name of one coowner may be signed by that coowner only. A bond registered in beneficiary form may be reissued upon the request of the owner, without the consent of the beneficiary. Public Debt forms are available for requesting reissue.

## Subpart I—Certifying Officers

### § 360.55 Individuals authorized to certify.

The following individuals are authorized to act as certifying officers for the purpose of certifying a request for payment, reissue, or a signature to a Public Debt form:

(a) *Officers generally authorized*—(1) *Banks, trust companies, and member organizations of the Federal Home Loan Bank System.* (i) Any officer of a bank incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

## Fiscal Service, Treasury

## § 360.55

(ii) Any officer of a trust company incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(iii) Any officer of an organization that is a member of the Federal Home Loan Bank System. This includes Federal savings and loan associations.

(iv) Any officer of a foreign branch or domestic branch of an institution indicated in paragraphs (a)(1)(i) through (iii) of this section.

(v) Any officer of a Federal Reserve Bank, a Federal Land Bank, or a Federal Home Loan Bank.

(vi) Any employee of an institution in paragraphs (a)(1)(i) through (v) of this section, who is expressly authorized to certify by the institution.

(2) *Credit unions.* Any officer or employee of a credit union, who is expressly authorized to certify by the institution. Certification by these officers or designated employees must be authenticated by a legible imprint of either the corporate seal of the institution or of the issuing or paying agent's stamp. The employee expressly authorized to certify by an institution must sign his or her name over the title "Designated Employee".

(3) *Issuing and paying agents.* Any officer or expressly authorized employee of an organization that is not included in paragraphs (a)(1)(i) through (v) of this section but is qualified as an issuing or paying agent for savings bonds of Series E, EE, or I. The agent's stamp must be imprinted in the certification.

(4) *By United States officials.* Any judge, clerk, or deputy clerk of a United States court, including United States courts for the territories and possessions of the United States and the Commonwealth of Puerto Rico; any United States Commissioner, United States Attorney, or United States Collector of Customs, including their deputies; in the Internal Revenue Service, any Regional Commissioner, District Director, Service Center Director, or Internal Revenue agent.

(b) *Officers with limited authority—(1) In the Armed Forces.* Any commissioned officer or warrant officer of the Armed Forces of the United States, but only for members of the respective services,

their families, and civilian employees at posts, bases, or stations. The certifying officer must indicate his or her rank and state that the individual signing the request is one of the class whose request the certifying officer is authorized to certify.

(2) *Veterans Administration, Federal penal institutions, and United States Public Health Service hospitals.* Any officer in charge of a home, hospital or other facility of the Veterans Administration, but only for the patients, or employees of the facility; any officer of a Federal penal institution or a United States Public Health Service hospital expressly authorized to certify by the Secretary of the Treasury or his designee, but only for the inmates, patients or employees of the institution involved. Officers of Veterans Administration facilities, Federal penal institutions, and Public Health Service hospitals must use the stamp or seal of the particular institution or service.

(c) *Authorized officers in foreign countries.* Any United States diplomatic or consular representative, or the officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Department of the Treasury. If none of these individuals is available, a notary public or other officer authorized to administer oaths may certify, but, if not in a country that is a party to the Hague Convention, his or her official character and jurisdiction must be certified by a United States diplomatic or consular officer under seal of his or her office.

(d) *Authorized officers in particular localities.* The Governor and the Treasurer of Puerto Rico; the Governor and the Commissioner of Finance of the Virgin Islands; the Governor and the Director of Finance of Guam; or the Governor and the Director of Administrative Services of American Samoa.

(e) *Special provisions.* If no certifying officer is readily accessible, the Commissioner of the Public Debt, Deputy Commissioner, any Assistant Commissioner, or other designated official of the Bureau or of a Federal Reserve Bank or Branch is authorized to make special provision for any particular case.

**§ 360.56**

**31 CFR Ch. II (7-1-02 Edition)**

**§ 360.56 General instructions and liability.**

(a) The certifying officer must:

(1) Require the person presenting a bond, or an appropriate Public Debt transaction form, to establish his or her identity in accordance with Department of the Treasury instructions and identification guidelines;

(2) Place a notation on the back of the bond or on the appropriate Public Debt transaction form, or in a separate record, showing exactly how identification was established; and

(3) Affix, as part of the certification, his or her official signature, title, seal or issuing or paying agent's stamp, address, and the date of execution.

(b) The certifying officer and, if such person is an officer or an employee of an organization, the organization will be held fully responsible for the adequacy of the identification.

(c) A signature guaranteed stamp under the Securities Transfer Agents Medallion Program (STAMP) is an acceptable official seal.

**§ 360.57 When a certifying officer may not certify.**

Certifying officers may not certify the requests for payment or reissue of bonds, or appropriate Public Debt transaction forms if, in their own right or in a representative capacity, they:

(a) Have an interest in the bonds; or

(b) Will, by virtue of the requests being certified, acquire an interest in the bonds.

**§ 360.58 Forms to be certified.**

When required in the instructions on a Public Debt transaction form, the form must be signed before an authorized certifying officer.

**Subpart J—Minors, Incompetents, Aged Persons, Absentees, et al.**

**§ 360.60 Payment to representative of an estate.**

(a) The representative of an estate of an owner who is a minor, an aged person, incompetent, absentee, et al., may receive payment upon request:

(1) If the registration shows the name and capacity of the representative;

(2) If the registration shows the capacity but not the name of the rep-

resentative and the request is accompanied by appropriate evidence; or

(3) If the registration includes neither the name of the representative nor his or her capacity but the request is accompanied by appropriate evidence.

(b)(1) Appropriate evidence for paragraphs (a) (2) and (3) of this section includes Public Debt Forms 5385 (redemption) and 5386 (reissue) completed and signed by the representative in accordance with the proper form's instructions, which are incorporated herein, or a certified copy of the letters of appointment or, if the representative is not appointed by a court, other proof of qualification.

(2) Except in the case of corporate fiduciaries, the evidence must show that the appointment is in full force and be dated not more than one year prior to the presentation of the bond for payment. The request for payment appearing on the back of a bond must be signed by the representative as such, for example, "John S. Jones, guardian (committee) of the estate of Henry W. Smith, a minor (an incompetent)".

**§ 360.61 Payment after death.**

After the death of the ward, and at any time prior to the representative's discharge, the representative of the estate will be entitled to obtain payment of a bond to which the ward was solely entitled.

**§ 360.62 Payment to minor.**

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of the minor's estate, payment will be made to the minor upon his or her request, provided the minor is of sufficient competency to sign the request for payment and to understand the nature of the transaction. In general, the fact that the request for payment has been signed by a minor and certified will be accepted as sufficient proof of competency and understanding.

**§ 360.63 Payment to a parent or other person on behalf of a minor.**

(a) If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of his or her estate, and if

## Fiscal Service, Treasury

## § 360.70

the minor is not of sufficient competency to sign the request for payment and to understand the nature of the transaction, payment will be made to either parent with whom the minor resides or to whom legal custody has been granted. If the minor does not reside with either parent, payment will be made to the person who furnishes the chief support for the minor.

(b) The request must appear on the back of the bond in one of the following forms:

(1) Request by parent:

I certify that I am the mother of John C. Jones (with whom he resides) (to whom legal custody has been granted). He is \_\_\_ years of age and is not of sufficient understanding to make this request.

Mary Jones on behalf of John C. Jones

(2) Request by other person:

I certify that John C. Jones does not reside with either parent and that I furnish his chief support. He is \_\_\_ years of age and is not of sufficient understanding to make this request.

Alice Brown, grandmother, on behalf of John C. Jones

### § 360.64 Payment or reinvestment—voluntary guardian of an incapacitated person.

(a) *Payment of bonds.* (1) When an adult owner of bonds is incapable of requesting payment as a result of incapacity and there is no other person legally qualified to do so, the relative, or other person, responsible for the owner's care and support may submit an application for recognition as voluntary guardian for the purpose of redeeming the owner's bonds, if the total redemption value of all of the owner's bonds does not exceed \$20,000. The bonds and application should be submitted to a designated Federal Reserve Bank or the Bureau of the Public Debt.

(2) The redemption value of the bonds shall be determined as of the date the bonds are received, accompanied by an appropriate request for payment. If the total redemption value exceeds \$20,000, a legal representative must be appointed, as set forth in § 360.60.

(b) *Reinvestment of bonds.* (1) If the bonds have matured and ceased earning interest, they may be redeemed and the proceeds reinvested in any other savings bonds available. The new bonds

must be registered in the name of the incapacitated person, followed by words showing that he or she is under voluntary guardianship; for example, "John Jones 123-45-6789, under voluntary guardianship". A living co-owner or beneficiary named on the matured bonds must be designated on the new bonds, unless such person furnishes a certified statement consenting to omission of his or her name.

(2) If an amount insufficient to purchase an additional bond of any authorized denomination of savings bond remains after the reinvestment, the voluntary guardian may furnish additional funds sufficient to purchase another savings bond of the lowest available denomination. If additional funds are not furnished, the remaining amount will be paid to the voluntary guardian for the use and benefit of the incapacitated person.

### § 360.65 Reissue.

A bond on which a minor or other person under legal disability is named as the owner or coowner, or in which he or she has an interest, may be reissued under the following conditions, but only in accordance with subpart H of this part:

(a) A minor for whose estate no representative has been appointed may request reissue if the minor is of sufficient competency to sign his or her name to the request and to understand the nature of the transaction.

(b) Except to the extent provided in paragraph (a) of this section, reissue will be restricted to a form of registration which does not adversely affect the existing ownership or interest of a minor or other person under legal disability. Requests for reissue should be executed by the person authorized to request payment under §§ 360.60 and 360.63, or the person who may request recognition as voluntary guardian under § 360.64.

### Subpart K—Deceased Owner, Coowner or Beneficiary

### § 360.70 General rules governing entitlement.

The rules in this section govern ownership or entitlement where one or both of the persons named on a bond

## § 360.71

## 31 CFR Ch. II (7-1-02 Edition)

have died without the bond having been surrendered for payment or reissue. Proof of death may be in the form of a properly completed Public Debt Form or death certificate, or other evidence as required by the Bureau of the Public Debt.

(a) *Single owner bond.* If the owner of a bond registered in single ownership form has died, the bond becomes the property of that decedent's estate, and payment or reissue will be made as provided in this subpart.

(b) *Coowner bond—(1) One coowner deceased.* If one of the coowners named on a bond has died, the surviving coowner will be recognized as the sole and absolute owner, and payment or reissue will be made as though the bond were registered in the name of the survivor alone. Any request for reissue by the surviving coowner must be supported by proof of death of the other coowner.

(2) *Both coowners deceased.* If both coowners named on a bond have died, the bond becomes the property of the estate of the coowner who died last, and payment or reissue will be made as if the bond were registered in the name of the last deceased coowner alone. Proof of death of both coowners will be required to establish the order of death.

(3) *Simultaneous death of both coowners.* If both coowners die under conditions where it cannot be established, either by presumption of law or otherwise, which coowner died first, the bond becomes the property of the estates of both equally, and payment or reissue will be made accordingly.

(c) *Beneficiary bond—(1) Owner deceased.* If the owner of a bond registered in beneficiary form has died and is survived by the beneficiary, upon proof of death of the owner, the beneficiary will be recognized as the sole and absolute owner of the bond. Payment or reissue will be made as though the bond were registered in the survivor's name alone. A request for payment or reissue by the beneficiary must be supported by proof of death of the owner.

(2) *Beneficiary deceased.* If the beneficiary's death occurs before, or simultaneously with, that of the registered owner, payment or reissue will be made as though the bond were registered in the owner's name alone. Proof of death

of the owner and beneficiary is required to establish the order of death.

(d) *Nonresident aliens.* If the person who becomes entitled to a bond because of the death of an owner is an alien who is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of remittances, including checks and electronic payments, drawn against funds of the United States or its agencies or instrumentalities, delivery of the redemption payment will not be made so long as the restriction applies. See Department of the Treasury Circular No. 655, current revision (31 CFR part 211).

### § 360.71 Estate administered.

(a) *During administration.* The court-appointed or otherwise legally qualified representative of an estate may request payment of bonds, including any bond redemption proceeds, that are the property of the estate or may have the bonds reissued in the names of persons entitled to share in the estate. The representative should use the procedure and Public Debt Form referred to in § 360.72 to request payment or reissue. The representative's request may instead be supported by evidence of authority in the form of a court certificate or a certified copy of the representative's letters of appointment which must be dated within six months of the date of presentation of the bond, unless the evidence shows that the appointment was made within one year prior to presentation of the bond.

(b) *After administration.* If the decedent's estate has been settled through judicial proceedings, bonds, including any bond redemption proceeds, that are the estate's property, will be paid, or the bonds will be reissued, upon the request of persons entitled. Persons entitled should use the procedure and the Public Debt Form referred to in § 360.72 to request payment or reissue. A request by persons entitled may be supported by a certified copy of the court-approved final account for the estate, the court's decree of distribution, or other pertinent court records.

## Fiscal Service, Treasury

## § 360.75

### § 360.72 Procedures for the payment or reissue of bonds that are property belonging to a decedent's estate.

(a) If bonds are the property of the estate of a decedent in accordance with § 360.70, the bonds and any redemption proceeds shall be paid, or the bonds shall be reissued, in accordance with the rules in this part, pursuant to an appropriate request.

(b) Bonds shall be reissued or proceeds distributed in the following order of precedence:

(1) To the court-appointed or otherwise legally qualified representative of the last deceased bond registrant's estate;

(2) To the persons entitled after the estate of the last deceased bond registrant has been settled, and the court has discharged the representative;

(3) To the persons entitled to share in the estate of the last deceased bond registrant's estate in accordance with State law relating to summary settlement of decedents' estates or settlement of small estates of decedents when no representative has been appointed by the court and none is to be appointed;

(4) To the surviving spouse if no representative has been appointed by the court, none is to be appointed, and there is no surviving child or descendant of a deceased child of the decedent;

(5) To the surviving spouse to the extent of one-half and the child or children of the decedent, and the descendants of deceased children by representation, to the extent of one-half if there are both a surviving spouse and a child, children, or descendants of deceased children, no representative has been appointed by the court, and none is to be appointed, or by the agreement of all the persons entitled in this class;

(6) To the child or children of the decedent, and the descendants of deceased children by representation, if there is no surviving spouse, no representative has been appointed by the court, and none is to be appointed;

(7) To the parents if none of the above;

(8) To the brothers and sisters and descendants of deceased brothers and sisters by representation if none of the above;

(9) To other next-of-kin as determined by the laws of the domicile at the time of death if none of the above;

(10) To persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last deceased registrant where such spouse predeceased that registrant, if none of the above;

(11) To the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent and to the proportion the person has not been reimbursed, and reissue will not be permitted, if none of the above;

(12) Escheat.

(c) Payments made pursuant to this section shall be made as set out in paragraph (b) of this section either to a person individually, or individually and for the account of other persons entitled of the same class. A person receiving payment of bond proceeds individually and for the account of other persons shall agree, and be obligated, to make fair and proper distribution of such proceeds to such other persons. The provisions of this section are for the convenience of the Department of the Treasury and do not purport to determine ownership of the bonds or of their proceeds. The Department of the Treasury, Bureau of the Public Debt, Federal Reserve Banks, and any authorized paying agents may rely on the information provided by the person who requests payment or reissue, and shall not be liable for any action taken as set out in this section, in accordance with the information so furnished.

### Subpart L—Fiduciaries

#### § 360.75 Payment or reissue during the existence of the fiduciary estate.

(a) *Request from the fiduciaries named in the registration.* A request for reissue or payment signed by at least one, but less than all, of the fiduciaries named in the registration shall be deemed sufficient and acceptable proof that less than all of the fiduciaries may properly execute the request. If the fiduciaries named in the registration are still acting, no further evidence will be required. In other cases, *i.e.*, cases in which the fiduciary is not designated by name and title in the bond registration or a fiduciary designated in the

## § 360.76

bond registration is no longer acting, the request must be made in accordance with subparts J and K of this part.

(b) *Corporate fiduciaries.* If a bond is registered in the name of a public or private corporation, such as a financial institution, or a governmental body as fiduciary, the request must be signed by an authorized officer in the name of the organization as fiduciary. Ordinarily, a signed and certified request will be accepted without further evidence.

(c) *Trustee of a common trust fund.* A bond held by a financial institution as a trustee may be reissued in the name of the institution as trustee of its common trust fund to the extent that participation in the common trust fund is authorized by law or regulation. The request for reissue should be executed by the institution and any co-trustee.

(d) *Successor fiduciary.* If the fiduciary in whose name the bond is registered has been replaced by another fiduciary, a properly executed form or satisfactory evidence of successorship should be furnished.

### § 360.76 Payment or reissue after termination of the fiduciary estate.

A bond registered in the name or title of a fiduciary may be paid or reissued to the person who has become entitled by reason of the termination of an estate, other than a decedent's estate (see subpart K of this part). Requests for reissue made by a fiduciary pursuant to the termination of a fiduciary estate should be made on the appropriate form. Requests for payment or reissue by other than the fiduciary must be accompanied by evidence to show that the person has become entitled in accordance with applicable State law or otherwise. When two or more persons have become entitled, the request for payment or reissue must be signed by each of them.

### Subpart M—Miscellaneous Provisions

#### § 360.90 Waiver of regulations.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify any provision or provisions of the regulations in this part. He or she may do so

## 31 CFR Ch. II (7–1–02 Edition)

in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If such action would not be inconsistent with law or equity;

(b) If it does not impair any material existing rights; and

(c) If he or she is satisfied that such action would not subject the United States to any substantial expense or liability.

### § 360.91 Additional requirements; bond of indemnity.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require:

(a) Such additional evidence as he or she may consider necessary or advisable; or

(b) A bond of indemnity, with or without surety, in any case in which he or she may consider such a bond necessary for the protection of the interests of the United States.

### § 360.92 Supplements, amendments, or revisions.

The Secretary of the Treasury may at any time, or from time to time, prescribe additional, supplemental, amendatory, or revised rules and regulations governing United States Savings Bonds.

## PART 361—CLAIMS PURSUANT TO THE GOVERNMENT LOSSES IN SHIPMENT ACT

Sec.

361.1 Scope of regulations.

361.2 Definitions.

361.3 Shipping procedure.

361.4 Preparation of shipment.

361.5 Record of shipment.

361.6 Advice of shipment.

361.7 Report of loss, destruction or damage.

361.8 Claim for replacement.

361.9 Proof of claim.

361.10 Recoveries.

AUTHORITY: Sec. 6, 50 Stat. 480; 40 U.S.C. 728.

SOURCE: 41 FR 19302, May 12, 1976, unless otherwise noted. Redesignated at 49 FR 47002, Nov. 30, 1984. Further redesignated at 50 FR 51394, Dec. 17, 1985.



**§ 361.1 Scope of regulations.**

This part governs the reporting of loss or destruction of, or damage to, valuables shipped pursuant to section 1 of the Government Losses in Shipment Act (hereafter the *Act*) (40 U.S.C. 721) and proof of claim for replacement under section 3 of the Act (40 U.S.C. 723) by executive departments, independent establishments, agencies, wholly owned corporations, officers and employees of the United States, and Federal Reserve banks when acting on behalf of the United States or agencies thereof (hereafter *consignors*). Failure by any consignor or agent or employee thereof to comply with these regulations may delay recoveries, preclude reimbursement from the fund for the payment of Government losses in shipment (hereafter the *Fund*) or other relief under the Act, and render the consignor responsible for any loss occurring through such failure.

**§ 361.2 Definitions.**

(a) The term *valuables* means any articles or things or representatives of value in which the United States has any interest, or in connection with which it has any obligation or responsibility, direct or indirect, and which have been declared to be valuables by the Secretary of the Treasury (hereafter *Secretary*) pursuant to the Act, as listed in § 362.1 of this title.

(b) The term *shipment* means the transportation, or the effecting of transportation, of valuables, without limitation as to the means or facilities used or by which the transportation is effected or the person to whom it is made, and includes, but is not limited to, shipments made to any executive department, independent establishment, agency, wholly or partly owned corporation, officer, or employee of the United States, or any person acting on his or its behalf or at his or its direction.

(c) The term *replacement* means payment, reimbursement, replacement, or duplication or the expenses incident thereto.

(d) The term *carrier* means any person, corporation, or other entity which effectuates the shipment for consignors of valuables.

**§ 361.3 Shipping procedure.**

Shipments of valuables shall be made so as to provide the greatest possible protection against risk of loss and destruction of, and damage to, valuables, in accordance with requirements prescribed by the consignors after notice to the Secretary.

**§ 361.4 Preparation of shipment.**

Each shipment shall be inspected and verified by two responsible employees of a consignor before final preparation (*i.e.*, before sealing, locking, etc.) for delivery to the carrier. The shipment shall be finally prepared for delivery in the presence of the two employees and before leaving their immediate control. If strict compliance herewith is impossible or impracticable, administrative officers of the consignor shall make adequate provision, through the establishment of accounting controls or otherwise, for the maintenance of basic records which will enable them to prove, to the satisfaction of the Secretary, the extent of loss, destruction, or damage in connection with a claim against the Fund. The requirements of this section shall apply irrespective of the carrier or method of transportation employed in making shipments.

**§ 361.5 Record of shipment.**

(a) A record of each shipment shall be maintained by the consignor. The record shall include:

(1) The name and address of the consignee designated to receive the shipment;

(2) A complete description of the contents of the shipment (if the shipment is made up of securities, the record shall be maintained by issue, series, denomination and serial number, and a description of any coupons attached to such securities at the time of shipment);

(3) The face or par value of the shipment in the case of securities, currency, etc., or the replacement value in the case of other valuables;

(4) The registry number or the lock and rotary numbers, if any, under which shipped;

(5) The number of the registry receipt, or other receipt of the carrier;

(6) The date and hour of delivery to the carrier;

### § 361.6

(7) A record of the signatures of the consignor's employees who verified the contents of the package and witnessed its sealing;

(8) A record of the signature(s) of the consignor's employee(s) who thereafter had custody of the package until it was delivered at the post office for registration or deposited with the post office or other carrier for shipment; and

(9) The name of the carrier.

(b) The consignor shall also preserve, until assured that shipment has been completed and no claims action will be initiated, all registry receipts or other carriers' receipts, and other documents incidental to the shipments.

### § 361.6 Advice of shipment.

(a) If the value of any one shipment to one consignee at one time by one consignor, except in the case of any intracity shipment or the shipment of registered securities by certified mail, or by another means providing the same protection as certified mail, equals or exceeds \$10,000, immediate notice thereof shall be forwarded by the consignor to the consignee by separate mail. Such notice shall include:

(1) A complete record of the contents of the shipment;

(2) The method of transportation employed and the name of the carrier; and

(3) The date of delivery to such carrier.

(b) The consignee shall arrange that:

(1) Shipment when received, be opened and inspected by one or more responsible employees;

(2) Immediate advice of any difference between the amounts or quantity indicated in the notice by the consignor to the consignee and in the shipment when opened be forwarded to the consignor;

(3) The consignor and the post office, or office of other carrier through which delivery would be made, be notified immediately in the event of the failure of the shipment to arrive in due course;

(4) The consignor be advised immediately concerning any damage to the shipment; and

(5) All findings of the consignee in such cases be made a matter of record subject to the inspection of the Secretary or other Government officer, in

### 31 CFR Ch. II (7-1-02 Edition)

connection with any necessary investigation.

[41 FR 19302, May 12, 1976. Redesignated at 49 FR 47002, Nov. 30, 1984. Further redesignated at 50 FR 51394, Dec. 17, 1985, as amended at 51 FR 19751, June 2, 1986]

### § 361.7 Report of loss, destruction or damage.

(a) If a consignor receives notice that loss or destruction of, or damage to, valuables shipped in accordance with the Act has occurred, an immediate written report shall be forwarded by the consignor to the Secretary, to the attention of the Bureau of the Public Debt, Division of Financial Management, Room 201, P. O. Box 1328, Parkersburg, WV 26106-1328. If the loss, destruction or damage represents a value equal to, or in excess of, \$10,000 or if delay in reporting is likely to delay the Government in recovering such valuables, the report shall be transmitted by wire and promptly confirmed in writing.

(b) The report shall state:

(1) The date of shipment;

(2) The amount and character of the valuables lost, destroyed, or damaged;

(3) The name and address of the consignee;

(4) The method of transportation, the name of the carrier, and the location of the office of the carrier from which shipment was made;

(5) The registry or other receipt number; and

(6) The cause of the loss, destruction or damage, if known.

(c) The consignor shall immediately report the loss, destruction or damage to the agent in charge of the nearest United States Secret Service office, and to the local post office or local office of other carrier. The consignor shall also place a tracer on the shipment and take such other action as may be necessary to facilitate recovery.

[41 FR 19302, May 12, 1976. Redesignated and amended at 49 FR 47002, Nov. 30, 1984. Further redesignated and amended at 50 FR 51394, Dec. 17, 1985; 61 FR 20437, May 7, 1996]

### § 361.8 Claim for replacement.

Claim for replacement shall be made in writing to the Secretary, to the attention of the Bureau of the Public

## Fiscal Service, Treasury

## § 362.1

Debt, Division of Financial Management, Room 201, P. O. Box 1328, Parkersburg, WV 26106-1328. The claim, accompanied by a recommendation regarding the manner of replacement, shall be submitted through the head of the consignor concerned, or his designee. The manner of replacement shall be determined by the Secretary in accordance with section 3 of the Act, *i.e.*, by replacement out of the Fund or by a credit in the accounts of the claimant.

[41 FR 19302, May 12, 1976. Redesignated and amended at 49 FR 47002, Nov. 30, 1984. Further redesignated and amended at 50 FR 51394, Dec. 17, 1985; 61 FR 20437, May 7, 1996]

### § 361.9 Proof of claim.

The Secretary will require proof of claim in such form, and in such manner, as he deems necessary. Proof of claim will include satisfactory proof of shipment and satisfactory proof of loss, destruction or damage. The claim shall be supported by the original "record of shipment" required pursuant to § 361.5, which will be returned after adjustment of the claim. The consignor shall submit a statement concerning the loss or destruction of, or damage to, the shipment or any part thereof. If the shipment has been received by the consignee with contents not intact, such statement shall set forth all the circumstances relating to the condition in which the shipment was received and the manner of inspection and verification of its contents. Affidavits covering the loss, destruction or damage to the shipment shall be obtained from the consignee and the carrier. The consignor shall submit the statement and recommendations of the investigating officers.

### § 361.10 Recoveries.

If relief is granted, the consignor shall take all necessary and reasonable steps to recover the lost, destroyed or damaged valuables, or their value. All recoveries and repayments, in connection with valuables for which replacement has been made out of the Fund, shall be forwarded to the Secretary for credit to the Fund.

## PART 362—DECLARATION OF VALUABLES UNDER THE GOVERNMENT LOSSES IN SHIPMENT ACT

Sec.

362.1 Declaration of "valuables".

362.2 Amendments.

AUTHORITY: Secs. 6, 7, 50 Stat. 480; 40 U.S.C. 728, 729.

### § 362.1 Declaration of "valuables".

It is determined that replacements, in accordance with the procedure established under section 3 of the Government Losses in Shipment Act (50 Stat. 479, as amended; 5 U.S.C. 134b), of the articles or things or representatives of value enumerated and referred to in this section would be in the public interest; accordingly, they are hereby declared to be "valuables" within the meaning of the act.

(a) *Money of the United States and foreign countries.* Currency, included mutilated currency and canceled currency, coins, including uncurrent coins, and specie.

(b) *Securities and other instruments or documents, private and public.*

Abstracts of title.

Assignments.

Bills.

Bonds.

Certificates of deposit.

Certificates of indebtedness.

Checks, drafts and money orders.

Coupons.

Debentures.

Deeds.

Equipment trust certificates.

Mortgages.

Notes.

Stamps, including postage, revenue, license, food order and public debt.

Stamped envelopes and postal cards.

Stock certificates.

Trust receipts.

Voting trust receipts.

Warehouse receipts.

Warrants.

And other instruments or documents similar to the foregoing and whether complete, incomplete, mutilated, canceled, in definitive form or represented by interim documents.

(c) *Precious metals and stones.* Diamonds and other precious stones. Gold, silver and any other precious or rare

## § 362.2

metal, including articles composed thereof.

(d) *All other.* Works and collections of artistic, historical, scientific or educational value which are the property of the United States or which may be loaned to the United States at its request, or which may be shipped on authority of the United States for its examination or acceptance as a gift.

[4 FR 3796, Sept. 1, 1939, as amended at 5 FR 2653, July 25, 1940. Redesignated at 49 FR 47002, Nov. 30, 1984. Further redesignated at 50 FR 51394, Dec. 17, 1985]

### § 362.2 Amendments.

The Secretary of the Treasury may, at any time, or from time to time, make supplemental or amendatory declaration of valuables.

[4 FR 3796, Sept. 1, 1939, as amended at 5 FR 2653, July 25, 1940. Redesignated at 49 FR 47002, Nov. 30, 1984. Further redesignated at 50 FR 51394, Dec. 17, 1985]

## PART 370—ELECTRONIC TRANSACTIONS AND FUNDS TRANSFERS RELATING TO UNITED STATES SECURITIES

### Subpart A—General Information

Sec.

370.0 What does this part cover?

370.1 What special terms do I need to know to understand this part?

### Subpart B—Credit ACH Entries

370.5 How can I appoint a financial institution to receive payments on my behalf?

370.6 What requirements apply to a financial institution that handles a credit entry?

370.7 How can my financial institution change my designated deposit account?

370.8 Are there any requirements related to a prenotification entry?

370.9 How can my payment instructions be changed?

370.10 What can cause my payments to be suspended?

370.11 What must my financial institution do when it receives a payment?

370.12 What happens if an error is made in a credit entry, or if a duplicate credit entry is made?

370.13 Can time limits for taking an action on a credit entry be extended?

370.14 Can substitute payment procedures be used?

370.15 What limitations exist on liability?

## 31 CFR Ch. II (7–1–02 Edition)

### Subpart C—Debit Entries

370.20 What requirements apply if I want to authorize a debit entry to my deposit account?

370.21 Are there any requirements related to a prenotification entry?

370.22 What requirements apply to a financial institution that debits a deposit account?

370.23 What other requirements apply to a financial institution?

370.24 What right does the Bureau of the Public Debt have to terminate or suspend debit entries?

370.25 What rights do I have to terminate or suspend debit entries?

370.26 What limitations exist on liability?

### Subpart D—Electronic Submission of Transaction Requests Through the Bureau of the Public Debt

370.35 Does the Bureau of the Public Debt accept all electronically signed transaction requests?

370.36 When does a transaction request become effective?

370.37 Where is the point of transaction for an electronically submitted transaction request?

370.38 What is the legal effect of an electronic signature?

370.39 To what extent is a digital signature admissible in any civil litigation or dispute?

370.40 Can I be held accountable if my negligence contributes to a forged signature?

370.41 What limitations exist on liability?

### Subpart E—Additional Provisions

370.45 What is the status of a security if the remittance cannot be collected?

370.46 Are there any situations in which the Bureau of the Public Debt may waive these regulations?

370.47 To what extent may the Bureau of the Public Debt change these regulations?

AUTHORITY: 12 U.S.C. 391; 31 U.S.C. chapter 31.

SOURCE: 64 FR 40487, July 26, 1999, unless otherwise noted.

### Subpart A—General Information

#### § 370.0 What does this part cover?

(a) *Scope.* This part applies to the transfer of funds by the Automated Clearing House method as used by us in connection with United States securities. This part also provides regulations for the electronic submission of

transaction requests through us, except as varied by agreement or as otherwise provided. This part does not apply to transactions for the sale of United States Savings Bonds accomplished through savings bond issuing agents generally, except and to the extent we direct otherwise.

(b) *Operating Rules of the National Automated Clearing House Association and Regulations of the Financial Management Service.* The Operating Rules of the National Automated Clearing House Association generally apply to these transactions. However, the Operating Rules do not apply to the extent that the Operating Rules are preempted entirely and excluded specifically by application of Financial Management Service regulations in part 210 of this chapter. In the event of any inconsistencies between this part 370 and either the Operating Rules or part 210, this part 370 applies.

(c) *Regulations of the Board of Governors of the Federal Reserve.* To the extent that Regulation E (12 CFR part 205) and Regulation Z (12 CFR part 226) of the Board of Governors of the Federal Reserve System apply to transactions authorized by this part, those Federal laws are unaffected by this part 370.

(d) *Variance by agreement.* The terms of this part may be varied by agreement.

### § 370.1 What special terms do I need to know to understand this part?

*Automated Clearing House (ACH) entry* means a transaction in accordance with the Operating Rules of the National Automated Clearing House Association, as modified by these regulations and other law. The regulations in this part control in the event of any inconsistencies with the applicable Operating Rules.

*Credit entry* means an ACH entry for the payment of money to a deposit account.

*Debit entry* means an ACH entry for the collection of money from a deposit account.

*Deposit account* means a demand deposit (checking), savings, or asset account (other than an occasional or incidental credit balance in a credit plan)

held directly or indirectly by a financial institution.

*Digital signature* means a type of electronic signature. A signer creates a digital signature by using public-key encryption to transform a message digest of an electronic message. If a recipient of the digital signature has an electronic message, message digest function, and the signer's public key, the recipient can verify:

(1) Whether the transformation was accomplished with the private key that corresponds to the signer's public key; and

(2) Whether the electronic message has been altered since the transformation was made.

*Electronic message* means information that is stored in an electronic medium and is retrievable in perceivable form.

*Electronic signature* means a signature of an electronic message that:

(1) Identifies and authenticates a particular person as the source of the electronic message; and

(2) Indicates such person's approval of the information contained in the electronic message.

*Financial institution* means:

(1) Any insured bank as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) or any bank that is eligible to make application to become an insured bank under section 5 of such Act (12 U.S.C. 1815);

(2) Any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) or any bank that is eligible to make application to become an insured bank under section 5 of such Act (12 U.S.C. 1815);

(3) Any savings bank as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) or any bank that is eligible to make application to become an insured bank under section 5 of such Act (12 U.S.C. 1815);

(4) Any insured credit union as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752) or any credit union that is eligible to make application to become an insured credit union pursuant to section 201 of such Act (12 U.S.C. 1781);

(5) Any savings association as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) that is an

## § 370.5

insured depository institution as defined in that act or is eligible to apply to become an insured depository institution under that act; and

(6) Any Federal branch or agency of a foreign bank as defined in section 1(b) of the International Banking Act, as amended (12 U.S.C. 3101).

*Investor account* is our record of your *TreasuryDirect* holdings, including a list of your total security holdings, the exact form of registration of your account, your mailing address, your *TreasuryDirect* account number, your social security account number or employer identification number, and your deposit account instructions.

*Message digest function* means an algorithm that transforms an electronic message into a seemingly unintelligible, generally smaller, result called the message digest. A message digest function has these qualities:

(1) The same electronic message yields the same message digest every time the algorithm is executed;

(2) It is computationally infeasible that an electronic message can be derived from the message digest result produced by the algorithm; and

(3) it is computationally infeasible that two electronic messages can be found that produce the same message digest using the algorithm.

*Payment* means, for the purpose of this part, funds paid by us to you.

*Person* means any natural person or organization.

*Public-key encryption* means a cryptographic process which generates and employs a key pair, consisting of a public key and a different but mathematically related private key. One use of the public key is to verify a digital signature created by the private key.

*Security* means an obligation offered by the Secretary of the Treasury.

*Settlement date* means the date an exchange of funds with respect to an ACH entry is reflected on the books of the Federal Reserve Bank(s).

*Signature* means any symbol or method executed or adopted by a person with present intention to be bound.

*We (or "us")* refers to the Secretary of the Treasury and the Secretary's delegates at the Treasury Department and Bureau of the Public Debt. The term also extends to any fiscal or fi-

## 31 CFR Ch. II (7-1-02 Edition)

ancial agent acting on behalf of the United States when designated to act by the Secretary or the Secretary's delegates. The term does not extend to United States Savings Bond issuing and paying agents.

*You* means a deposit account owner, in subparts B and C, unless stated otherwise. The word "you" means a person who electronically submits transaction requests through us, in subpart D.

### Subpart B—Credit ACH Entries

#### § 370.5 How can I appoint a financial institution to receive payments on my behalf?

You must name a financial institution to receive payments through credit entries using the ACH method. You also must identify the deposit account to which payments are to be made. To do this, you must use a form approved by us.

#### § 370.6 What requirements apply to a financial institution that handles a credit entry?

A financial institution that accepts and handles a credit entry initiated by us agrees to the provisions of this subpart, and warrants that it will comply with all requirements imposed upon Receiving Depository Financial Institutions under the Operating Rules of the National Automated Clearing House Association, as modified by these regulations and other law.

#### § 370.7 How can my financial institution change my designated deposit account?

If your financial institution requests us to make a change in your deposit account number or type of your account, we will change the information without requiring any confirmation from you. The request from the financial institution must be made following the Operating Rules of the National Automated Clearing House Association. The financial institution's request will be deemed an agreement by the institution to indemnify us and you for any loss resulting from the requested change.

**§ 370.8 Are there any requirements related to a prenotification entry?**

(a) *Use of prenotification in our discretion.* In our discretion, we may initiate a prenotification entry to a financial institution before we send a credit entry. We may also send a prenotification message whenever there is a change in the payment instructions. If we send a prenotification message, we will follow the time frames as established by the Operating Rules of the National Automated Clearing House Association. A prenotification is a zero-dollar ACH entry that can help us determine whether there might be problems with sending a subsequent credit entry.

(b) *Requirements placed upon financial institution that receives a prenotification.* A financial institution must respond to a prenotification within the time frame for such responses as established by the Operating Rules of the National Automated Clearing House Association. If the receiving financial institution does not respond to the prenotification message within the specified time period, we may interpret the nonresponsiveness as the financial institution's agreement to this subpart. Furthermore, a financial institution warrants by its nonresponsiveness that the deposit account number and the type of account contained in the prenotification entry message was accurate as of the moment the financial institution received it.

**§ 370.9 How can my payment instructions be changed?**

Your payment instructions will continue to apply until either you or your financial institution requests us to make a change.

**§ 370.10 What can cause my payments to be suspended?**

(a) *Change in deposit account.* We will suspend payments if we receive notice that your deposit account has been closed, that someone named on your deposit account is dead or has been declared legally incompetent, that there is a change in the title of your deposit account that alters your interests; or, if a corporation is the owner, that it has been dissolved.

(b) *Change in status of owner.* We will suspend payments when we receive notice that an owner of a bond, security, or investor account is dead or has been declared legally incompetent, or in any case where we receive notice of a change in the name or status of an organization or representative named on a bond, security, or investor account.

(c) *Continuation of Suspension.* Payments will continue to be suspended until we receive satisfactory evidence as to who is authorized or entitled to receive payments.

**§ 370.11 What must my financial institution do when it receives a payment?**

An institution which receives a payment on behalf of its customer must:

(a) Upon receipt, make the payment available to you on the payment date. If a scheduled payment date is not a business day for the Federal Reserve Bank of the district in which the institution is located, payment will be made on the next-succeeding business day. If the institution is unable to make a credit entry to the designated account, it must return the payment in accordance with the Operating Rules of the National Automated Clearing House Association.

(b) Promptly notify us when your account has been closed, or when it is on notice of the death or legal incapacity of you or any other individual named on your account, or when it is on notice of the dissolution of a corporation in whose name the deposit account is held. The institution must return all payments received along with an explanation for the return.

**§ 370.12 What happens if an error is made in a credit entry, or if a duplicate credit entry is made?**

If we make an erroneous credit entry under this part, we will make a corrected credit entry to your account. We will then take action to recover the erroneous credit entry, or any duplicate credit entry, as follows:

(a) *Return of amount of erroneous or duplicate credit entry by financial institution.* We will send a notice to the financial institution to which the erroneous or duplicate credit entry was sent.

### § 370.13

When it receives this notice, the financial institution must immediately return to the appropriate Federal Reserve Bank an amount equal to the credit entry. If the institution is unable to do this, the institution must immediately notify us, and provide any information that it has about the matter. We reserve the right to request the return of a partial amount of an erroneous or duplicate credit entry.

(b) *Collection of amount of unreturned erroneous or duplicate credit entry.* Where the erroneous or duplicate credit entry has not been returned, we will undertake any other actions that are appropriate. To the extent permitted by law, the collection action may include deducting the amount owed from future credit entries made to the deposit account to which the erroneous or duplicate credit entry was made.

(c) *Authorization of Debit to collect unreturned duplicate or erroneous credit entry.* If a financial institution has not responded within 60 calendar days of the notice, its acceptance of the credit entry will be considered an authorization for a debit in the amount of the entry. The debit will be made from the account maintained or utilized by the financial institution at the Federal Reserve Bank to which the entry was made. An institution designated by a financial institution to receive payment on its behalf, in permitting the usage, is deemed to have authorized a debit. The debit will be made from its account maintained at the Federal Reserve Bank to which the entry was made. The institution to which the credit entry has been directed is deemed to have agreed to provide information and assistance to recover any erroneous or duplicate entry. You are also deemed to have agreed to provide information and assistance, and to take any action provided by law to recover an erroneous or duplicate credit entry.

### § 370.13 Can time limits for taking an action on a credit entry be extended?

If we or your financial institution are delayed beyond applicable time limits in taking any action with respect to a credit entry because of circumstances beyond our control, then the time for

### 31 CFR Ch. II (7-1-02 Edition)

taking that action will be extended as necessary until the cause of the delay ends.

### § 370.14 Can substitute payment procedures be used?

We may use substitute payment procedures, instead of ACH, if we consider it to be necessary. Any such action is final.

### § 370.15 What limitations exist on liability?

(a) We may rely on the information provided by you or anyone else authorized to provide information concerning your financial institution or deposit account to which payments are to be made. We do not need to verify this information. We are not liable for any action we may take in reliance on the information furnished.

(b) Our liability does not extend beyond the amount of the payment due.

(c) When you name a financial institution to receive payments on your behalf, you are appointing that institution as your agent for the receipt of payments. When a credit entry is made to your financial institution for deposit to your account following your instructions, we no longer have any further responsibility for that payment. Where your financial institution has arranged with the Federal Reserve Bank to have payments made through another financial institution, the crediting of your payment to that institution relieves us of any further responsibility for that payment.

## Subpart C—Debit Entries

### § 370.20 What requirements apply if I want to authorize a debit entry to my deposit account?

(a) *General.* You may pay for a security and related fees by authorizing us to initiate one or more debit entries to your deposit account. For a purchase of a book-entry security to be held in an investor account maintained by us, you must be named on the investor account. The authorization must be accomplished only through forms or means approved by us.

(b) *Single-entry and recurring debit entries.* You only may authorize single-entry debits for purchases of book-



entry securities held in *TreasuryDirect*. You only may authorize recurring debit entries for purchases of definitive savings bonds.

(c) *Credit entries to be made to same deposit account.* To the extent that payments by us with respect to a security are to be made through credit entries, you must receive debit and credit entries in the same deposit account.

(d) *Signature.* The authorization must have your signature and that of any other person whose signature is required to withdraw funds from the deposit account. We need not verify your identity or the authenticity of your signature.

**§ 370.21 Are there any requirements related to a prenotification entry?**

(a) *Use of prenotification in our discretion.* In our discretion, we may initiate a prenotification entry to a financial institution prior to sending a debit entry. A prenotification is a zero-dollar ACH entry that can help us determine whether there might be problems with sending a subsequent debit entry.

(b) *Requirements placed upon financial institution that receives a prenotification.* If sent, a financial institution must respond to a prenotification within the time frame for such responses as established by the National Automated Clearing House Association. If the receiving financial institution does not respond to the prenotification message within the specified time period, we may interpret the nonresponsiveness as the financial institution's agreement to this subpart. Furthermore, a financial institution warrants by its nonresponsiveness that the deposit account number and the type of account contained in the prenotification entry message was accurate as of the moment the financial institution received it.

**§ 370.22 What requirements apply to a financial institution that debits a deposit account?**

A financial institution that debits a deposit account upon receiving a debit initiated by us agrees to the provisions of this subpart. A financial institution that does so also warrants that it has the authority to receive debit entries.

**§ 370.23 What other requirements apply to a financial institution?**

The financial institution warrants that it will comply with all requirements imposed upon Receiving Depository Financial Institutions under the Operating Rules of the National Automated Clearing House Association, as modified by these regulations and other law.

**§ 370.24 What right does the Bureau of the Public Debt have to terminate or suspend debit entries?**

We may terminate or suspend the availability of one or more debit entries in any case or class of cases, and may do so without notice at any time. A decision to terminate or suspend the availability of debit entries is in our sole discretion and is final.

**§ 370.25 What rights do I have to terminate or suspend debit entries?**

(a) *General.* If you are an investor account owner or deposit account owner, you generally may terminate or suspend one or more debit entries by notifying us orally or in writing at least three business days before the scheduled date of a transfer. In response to an oral notice, we may require you to give written notice, to be received by us within fourteen days of an oral notice. An oral notice ceases to be binding after fourteen days if you fail to provide the required written confirmation. A suspension will remain in effect for the duration you specify, but for no more than six months. The termination and suspension methods need not be recited in the authorization. These termination or suspension rights are in addition to those that you may have through your financial institution under Regulation E of the Board of Governors of the Federal Reserve System (12 CFR part 205).

(b) *Exception.* If you submit a debit entry authorization in conjunction with a Treasury auction tender for the purchase of a book-entry security, you cannot terminate or suspend a debit entry after the auction closes.

**§ 370.26 What limitations exist on liability?**

If we sustain a loss because a financial institution fails to handle an entry

**§ 370.35**

in accordance with this part, the financial institution is liable to us for the loss, but not beyond the amount of the debit entry. In no instance does our liability extend beyond the amount of the debit entry.

**Subpart D—Electronic Submission of Transaction Requests Through the Bureau of the Public Debt**

**§ 370.35 Does the Bureau of the Public Debt accept all electronically signed transaction requests?**

An electronic signature will not be accepted if it has not been accomplished through a method that has been approved for specific purposes by us.

**§ 370.36 When does a transaction request become effective?**

Except for auction bids of U.S. securities or unless otherwise agreed, a transaction request becomes effective at the moment we send a confirmation message. In no instance does a transaction request become effective before we actually receive the request.

**§ 370.37 Where is the point of transaction for an electronically submitted transaction request?**

For jurisdiction and venue purposes, the point of transaction for a transaction request handled pursuant to this subpart is Parkersburg, West Virginia, regardless of from where the transaction request is transmitted or where the transaction request is actually processed.

**§ 370.38 What is the legal effect of an electronic signature?**

An electronic signature and any electronic message to which it is affixed or attached may not be denied legal effect, including legal effect as a signature, a writing, or an original, solely because the signature or record is in electronic form.

**§ 370.39 To what extent is a digital signature admissible in any civil litigation or dispute?**

In asserting a digital signature against you in any civil litigation or dispute, extrinsic evidence of authen-

**31 CFR Ch. II (7–1–02 Edition)**

ticity as a condition precedent of admissibility (such as testimony about the scientific validity of digital signatures) is not necessary to establish:

(a) That a digital signature corresponds to a specific public key pair, and;

(b) That an electronic message to which the digital signature is affixed has not been altered from its original form.

**§ 370.40 Can I be held accountable if my negligence contributes to a forged signature?**

(a) *General.* If your failure to exercise ordinary care substantially contributes to the submission of a forged signature, then you cannot claim that the signature is a forgery. However, we cannot invoke this section against you if we cannot first establish that we were reasonable in relying upon the signature. If we can do so, you bear the burden of production and the burden of persuasion in establishing your exercise of ordinary care. If you cannot do so, then you cannot claim that the signature is a forgery.

(b) *Exception.* This section has no application in any dispute involving a debit authorization or credit card transaction.

**§ 370.41 What limitations exist on liability?**

In no instance does our liability extend beyond the amount of the transaction.

**Subpart E—Additional Provisions**

**§ 370.45 What is the status of a security if the remittance cannot be collected?**

If we cannot promptly collect all of the remittance for a security, we may in our discretion cancel the security unless it has been legally transferred for value to a third person who had no knowledge of the improper debit entry at the time of the transfer.

**§ 370.46 Are there any situations in which the Bureau of the Public Debt may waive these regulations?**

We reserve the right, in our discretion, to waive any provision of these regulations in any case or class of

## Fiscal Service, Treasury

## § 375.2

cases. We may do so if such action is not inconsistent with law and will not subject the United States to substantial expense or liability.

### § 370.47 To what extent may the Bureau of the Public Debt change these regulations?

Any aspect of this part may be changed at any time and without notice. You assume the risk that a change may terminate a provision that was to your advantage. Nothing in this part creates vested rights in your favor.

## PART 375—MARKETABLE TREASURY SECURITIES REDEMPTION OPERATIONS

### Subpart A—General Information

Sec.

375.0 What authority does the Treasury have to redeem its securities?

375.1 Where are the rules for the redemption operation located?

375.2 What special definitions apply to this rule?

375.3 What is the role of the Federal Reserve Bank of New York in this process?

### Subpart B—Offering, Certifications, and Delivery

375.10 What is the purpose of the redemption operation announcement?

375.11 Who may participate in a redemption operation?

375.12 How do I submit an offer?

375.13 What requirements apply to offers?

375.14 Do I have to make any certifications?

375.15 Who is responsible for delivering securities?

### Subpart C—Determination of Redemption Operation Results; Settlement

375.20 When will the Treasury decide on which offers to accept?

375.21 When and how will the Treasury announce the redemption operation results?

375.22 Will I receive confirmations and, if I am submitting offers for others, do I have to provide confirmations?

375.23 How does the securities delivery process work?

### Subpart D—Miscellaneous Provisions

375.30 Does the Treasury have any discretion in this process?

375.31 What could happen if someone does not fully comply with the redemption op-

eration rules or fails to deliver securities?

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 3111; 12 U.S.C. 391.

SOURCE: 65 FR 3116, Jan. 19, 2000, unless otherwise noted.

### Subpart A—General Information

#### § 375.0 What authority does the Treasury have to redeem its securities?

Section 3111 of Title 31 of the United States Code authorizes the Secretary of the Treasury to use money received from the sale of an obligation and other money in the general fund of the Treasury to buy, redeem, or refund, at or before maturity, outstanding bonds, notes, certificates of indebtedness, Treasury bills, or savings certificates of the United States Government. For the purposes of this part, we will refer to these outstanding obligations as “securities”.

#### § 375.1 Where are the rules for the redemption operation located?

The provisions in this part and the redemption operation announcement govern the redemption of marketable Treasury securities under 31 U.S.C. 3111. (See § 375.10.)

#### § 375.2 What special definitions apply to this rule?

The definitions in 31 CFR part 356 govern this part except as follows:

*Accrued interest* means an amount payable by the Treasury as part of the settlement amount for the interest income earned between the last interest payment date up to and including the settlement date.

*Bank* means the Federal Reserve Bank of New York.

*Customer* means a person or entity on whose behalf a submitter has been directed to submit an offer of a specified amount of securities in a specific redemption operation.

*Minimum offer amount* means the smallest par amount of a security that may be offered to the Treasury. We will state the minimum offer amount in the redemption operation announcement.

*Multiple* means the smallest additional par amount of a security that may be offered to the Treasury. We will

### § 375.3

state the multiple in the redemption operation announcement.

*Offer* means an offer to deliver for redemption a stated par amount of a specific security to the Treasury at a stated price.

*Price* means the dollar amount to be paid for a security expressed as a percent of its current par amount.

*Privately held amount* means the total amount outstanding of a security less holdings of the Federal Reserve System and Federal Government accounts.

*Redemption amount* means the maximum par amount of securities that we are planning to redeem through a redemption operation. We will state the redemption amount in the redemption operation announcement.

*Redemption operation* means a competitive process by which the Treasury accepts offers of marketable Treasury securities that by their terms are not immediately payable.

*Security* means an outstanding unmatured obligation of the United States Government that the Secretary is authorized to buy, redeem or refund under section 3111 of Title 31 of the United States Code.

*Settlement* means full and complete delivery of and payment for securities redeemed.

*Settlement amount* means the par amount of each security that we redeem, multiplied by the price we accept in a redemption operation, plus any accrued interest.

*Settlement date* means the date specified in the redemption operation announcement on which you must deliver a security to the Treasury for payment.

*Submitter* means an entity submitting offers directly to the Treasury for its own account, for the account of others, or both. (See § 375.11(a)).

*Tender* means a computer transmission or document submitted in a redemption operation that contains one or more offers.

*We* (“us”) means the Secretary of the Treasury and his or her delegates, including the Treasury Department, the Bureau of the Public Debt, and their representatives. The term also includes the Federal Reserve Bank of New York, acting as fiscal agent of the United States.

### 31 CFR Ch. II (7–1–02 Edition)

*You* means a prospective submitter in a redemption operation.

#### § 375.3 What is the role of the Federal Reserve Bank of New York in this process?

As fiscal agent of the United States, the Federal Reserve Bank of New York performs various activities necessary to conduct a redemption operation under this part. These activities may include but are not limited to:

- (a) Accepting and reviewing tenders;
- (b) Calculating redemption operation results;
- (c) Issuing notices of redemptions;
- (d) Accepting deliveries of Treasury securities at settlement; and
- (e) Processing the Treasury payment for securities delivered at settlement.

#### Subpart B—Offering, Certifications, and Delivery

#### § 375.10 What is the purpose of the redemption operation announcement?

We provide public notice that we are redeeming Treasury securities by issuing a redemption operation announcement. This announcement lists the details of each proposed redemption operation, including the maximum redemption amount, the range of maturities of eligible securities, descriptions of the securities that fall within that maturity range, and the redemption operation and settlement dates. The redemption operation announcement and this part specify the terms and conditions of a redemption operation. If anything in the redemption operation announcement differs from anything in this part, the redemption operation announcement will apply. Accordingly, you should read the applicable redemption operation announcement along with this part.

#### § 375.11 Who may participate in a redemption operation?

(a) *Submitters*. To be a submitter, you must be an institution that the Federal Reserve Bank of New York has approved to conduct open market transactions with the Bank.

(b) *Others*. A person or entity other than a submitter may participate only if it arranges to have an offer or offers submitted on its behalf by a submitter.

**§ 375.12 How do I submit an offer?**

As a submitter, you must submit an offer in a tender to the Treasury via the Federal Reserve Bank of New York. You must submit any tenders in an approved format and the Bank must receive them prior to the closing time stated in the redemption operation announcement. If we do not receive your tenders timely, we will reject them. Your tenders are binding on you after the closing time specified in the redemption operation announcement. You are responsible for ensuring that we receive your tenders on time. We will not be responsible in any way for any unauthorized tender submissions or for any delays, errors, or omissions in submitting tenders.

**§ 375.13 What requirements apply to offers?**

(a) *General.* You may only submit competitive offers (specifying a price). All offers must state the security description, par amount, and price of each security offered. All offers must equal or exceed the minimum offer amount, and be in the multiple, stated in the redemption operation announcement.

(b) *Price format.* You must express offered prices in terms of price per \$100 of par with three decimals, *e.g.*, 102.172. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6. For example, an offer of 102.172 means one hundred two and seventeen 32nds and two eighths of a 32nd, or in decimals, 102.5390625.

(c) *Maximum number of offers.* There is no limit on the number of offers you may make for each eligible security. There is also no limit on the number of eligible securities you may offer.

**§ 375.14 Do I have to make any certifications?**

By submitting a tender offering a security or securities for sale, you certify that you are in compliance with this part and the redemption operation announcement.

**§ 375.15 Who is responsible for delivering securities?**

As a submitter, you are responsible for delivering any securities we accept in the redemption operation, including any securities for which you submitted offers on behalf of others. (See § 375.23.) All securities you deliver must be free and clear of all liens, charges, claims, and any other restrictions.

**Subpart C—Determination of Redemption Operation Results; Settlement****§ 375.20 When will the Treasury decide on which offers to accept?**

We will determine which offers or portions of offers to accept after the closing time for receipt of tenders. All such determinations will be final.

**§ 375.21 When and how will the Treasury announce the redemption operation results?**

We will make an official announcement of the redemption operation results through a press release. For each security we redeem, the press release will include such information as the amounts offered and accepted, the highest price accepted, and the remaining privately held amount outstanding.

**§ 375.22 Will I receive confirmations and, if I am submitting offers for others, do I have to provide confirmations?**

(a) *Confirmations to submitters.* We will provide a confirmation of acceptance or rejection in the form of a results message to submitters of offers by the close of the business day of the redemption operation.

(b) *Confirmation of customer offers.* If you submit a successful offer for a customer, you are responsible for notifying that customer of the impending redemption.

**§ 375.23 How does the securities delivery process work?**

If any of the offers you submitted are accepted, you must transfer the correct book-entry Treasury securities in the correct par amount against the correct settlement amount on the settlement date. You must deliver the securities

## § 375.30

to the account specified in the redemption operation announcement.

### Subpart D—Miscellaneous Provisions

#### § 375.30 Does the Treasury have any discretion in this process?

(a) We have the discretion to:

(1) Accept or reject any offers or tenders submitted in a redemption operation;

(2) Redeem less than the amount of securities specified in the redemption operation announcement;

(3) Add to, change, or waive any provision of this part; or

(4) Change the terms and conditions of a redemption operation.

(b) Our decisions under this part are final. We will provide a public notice if we change any redemption operation provision, term or condition.

#### § 375.31 What could happen if someone does not fully comply with the redemption operation rules or fails to deliver securities?

(a) *General.* If a person or entity fails to comply with any of the redemption operation rules in this part, we will consider the circumstances and take what we deem to be appropriate action. This could include barring the person or entity from participating in future redemption operations under this part and future auctions under 31 CFR part 356. We also may refer the matter to an appropriate regulatory agency.

(b) *Liquidated damages.* If you fail to deliver securities on time, we may require you to pay liquidated damages of up to 1% of your projected settlement amount.

## PART 380—COLLATERAL ACCEPTABILITY AND VALUATION

### Subpart A—General Information

Sec.

380.0 What do these regulations govern?

380.1 What special definitions apply to this part?

## 31 CFR Ch. II (7–1–02 Edition)

### Subpart B—Acceptable Collateral and its Valuation

380.2 What collateral may I pledge if I am a depository or a financial agent of the Government under 31 CFR part 202, and what value will you assign to it?

380.3 What collateral may I pledge if I am a Treasury Tax and Loan depository under 31 CFR part 203, and what value will you assign to it?

380.4 What collateral may I pledge instead of a surety bond under 31 CFR part 225, and what value will you assign to it?

### Subpart C—Miscellaneous Provisions

380.5 Where can I find current information, and who can I contact for additional guidance and interpretation?

AUTHORITY: 12 U.S.C. 90, 265–266, 332, 391, 1452(d), 1464(k), 1767, 1789a, 2013, 2122, 3101–3102; 26 U.S.C. 6302; 31 U.S.C. 321, 323, 3301–3304, 3336, 9301, 9303.

SOURCE: 65 FR 55427, Sept. 13, 2000, unless otherwise noted.

### Subpart A—General Information

#### § 380.0 What do these regulations govern?

The regulations in this part govern the types of acceptable collateral that you may pledge to secure deposits of public monies and other financial interests of the Federal Government, as well as the valuation of that collateral. Specifically, the regulations in this part apply to the programs governed by the Department of the Treasury's regulations at 31 CFR part 202 (Depositaries and Financial Agents of the Government), 31 CFR part 203 (Payment of Federal Taxes and the Treasury Tax and Loan Program), and 31 CFR part 225 (Acceptance of Bonds Secured by Government Obligations in Lieu of Bonds with Sureties). The regulations in this part apply only to the acceptability and valuation of collateral that may be pledged under these programs. 31 CFR parts 202, 203, and 225 continue to govern the respective programs themselves.

#### § 380.1 What special definitions apply to this part?

Special definitions that may apply to this part are contained in 31 CFR parts 202, 203 and 225.

## Fiscal Service, Treasury

## § 391.0

### Subpart B—Acceptable Collateral and its Valuation

DC 20239-0001, or by e-mail at govsecreg@bpd.treas.gov.

#### § 380.2 What collateral may I pledge if I am a depository or a financial agent of the Government under 31 CFR part 202, and what value will you assign to it?

Unless we specify otherwise, we will list the types and valuation of acceptable collateral in Treasury procedural instructions. We will also post updated information and guidance on Treasury's Bureau of the Public Debt website at [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov).

#### § 380.3 What collateral may I pledge if I am a Treasury Tax and Loan depository under 31 CFR part 203, and what value will you assign to it?

Unless we specify otherwise, we will list the types and valuation of acceptable collateral in Treasury procedural instructions. We will also post updated information and guidance on Treasury's Bureau of the Public Debt website at [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov).

#### § 380.4 What collateral may I pledge instead of a surety bond under 31 CFR part 225, and what value will you assign to it?

Unless we specify otherwise, we will list the types and valuation of acceptable collateral in Treasury procedural instructions. We will also post updated information and guidance on Treasury's Bureau of the Public Debt website at [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov).

### Subpart C—Miscellaneous Provisions

#### § 380.5 Where can I find current information, and who can I contact for additional guidance and interpretation?

You can find a current list of acceptable classes of securities, instruments and respective valuations on Treasury's Bureau of the Public Debt website at [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov). You may also contact the Office of the Commissioner. We can be reached by postal mail at: Department of the Treasury, Bureau of the Public Debt, Office of the Commissioner, Government Securities Regulations Staff, 999 E Street, NW., Room 315, Washington,

## PART 391—WAIVER OF INTEREST, ADMINISTRATIVE COSTS, AND PENALTIES

Sec.

391.0 Scope of regulations.

391.1 General.

391.2 Equitable considerations.

391.3 Resolution of disputes.

391.4 Documentary evidence.

391.5 Waiver approval.

AUTHORITY: 31 U.S.C. 3701; 31 U.S.C. 3711; 31 U.S.C. 3717.

SOURCE: 50 FR 6344, Feb. 15, 1985, unless otherwise noted.

### § 391.0 Scope of regulations.

These regulations apply to the waiver of late charges on claims due the Bureau of the Public Debt as authorized by 31 U.S.C. 3717(h). They are consistent with the Federal Claims Collection Standards on interest, administrative costs, and penalties prescribed jointly by the General Accounting Office and the Department of Justice and set forth in 4 CFR 102.13. The term "claim" as used in this part refers to an amount of money or property that has been determined to be owed to the Bureau of the Public Debt from any person, organization, or entity, except another Federal agency. The term "late charges" as used in this part includes interest, administrative costs, and penalties. When applying the following regulations, a distinction shall be drawn between an adjustment and a waiver. An adjustment is an account correction under any circumstances where the Bureau records a claim or accrues late charges to which it is not legally entitled. An adjustment may be made without the promulgation of regulations. A waiver applies whenever the Bureau accrues late charges it is entitled to assess and later relinquishes that right. Two examples of an adjustment are: (a) Where the underlying claim is without merit, and (b) where the debtor is not notified of the claim as required by 31 U.S.C. 3717. The latter includes being misinformed as to the amount of the charges or the time of their commencement.

## § 391.1

### § 391.1 General.

(a) *Waiver of late charges.* Late charges may be waived:

(1) When the underlying claim is compromised in accordance with 4 CFR part 103;

(2) Where the underlying claim is not compromised but it is appropriate to waive late charges under the criteria of 4 CFR part 103 relating to enforcement policy;

(3) When collection of the underlying claim is terminated in accordance with 4 CFR part 104;

(4) When a claim is suspended in accordance with 4 CFR part 104.

(5) Where the cost of collecting the unpaid late charges would approach or exceed the amount of unpaid late charges to be collected and the amount of late charges does not qualify for referral to a collection agency or the Department of Justice;

(6) Where the late charges pertain to claims involving savings bonds and notes arising under 31 U.S.C. 3105 and 3106 which are replaced pursuant to 31 U.S.C. 3126;

(7) For reasons of equity or good conscience as provided in § 391.2.

(b) *Partial waiver.* Late charges may be waived in full or in part.

### § 391.2 Equitable considerations.

For reasons of equity and good conscience, late charges may be waived under the circumstances identified in this section.

(a) Where, without fault or bad faith, the debtor could not submit payment within 30 days of the interest accrual date, the mandatory waiver provision in 4 CFR 102.13(g) may be extended. Such waiver will be considered on a case-by-case basis. Examples include, but are not limited to:

(1) Postal service delays in forwarding the notice of indebtedness to a new address; and

(2) Late receipt of the notice of indebtedness where the debtor was away from home on an extended vacation or hospitalized.

(b) Where an installment plan is contemplated and the amount of the late charges in relation to the amount of reasonably affordable installment payments is so large that the debt may

## 31 CFR Ch. II (7-1-02 Edition)

never be paid, late charges may be waived.

### § 391.3 Resolution of disputes.

(a) To avoid the accrual of additional late charges during the resolution of a dispute, a debtor has the option of paying the amount of the claim and filing a request for a refund together with a request for review of the claim.

(b) Where the claim is a result of the Bureau's administrative error, late charges accruing during the review period may be waived unless the Bureau's actions would have placed a reasonable person on notice that the Bureau erred and that the person should inquire further.

(c) Where the claim is a result of the debtor's error or negligence and the administrative review is unreasonably protracted, late charges accruing during the protracted portion of the review period may be waived.

(d) The period for administrative review begins on the date the request for review is received and ends 10 days after the final determination is mailed to the debtor. This paragraph shall not apply if the request for review is made in bad faith or for purposes of delay.

### § 391.4 Documentary evidence.

(a) When late charges are waived, the debtor's administrative file shall be properly documented with a memorandum. The memorandum shall contain a brief narrative statement describing the circumstances leading to the waiver and the reason(s) for granting the waiver.

(b) A credit report or a financial statement sworn to by the debtor may be required before waiver of late charges is approved for a compromise, suspension, or termination, except where the cost of obtaining such a report or statement exceeds the late charges due.

### § 391.5 Waiver approval.

Waivers of late charges shall be approved by the Commissioner of the Bureau of the Public Debt or designee, except that compromises and terminations of the underlying claim shall be upon the recommendation of the Chief Counsel in accordance with 31 CFR 5.3.



## CHAPTER IV—SECRET SERVICE, DEPARTMENT OF THE TREASURY

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<i>Part</i>		<i>Page</i>
401	Seizure and forfeiture of vessels, vehicles and aircraft used to transport counterfeit coins, obligations, securities, and paraphernalia .....	477
402	Reproduction of canceled United States Internal Revenue Stamps .....	478
403	Authorization of all banks, U.S. Post Offices, and Disbursing Officers of the United States and their agents to deliver to the Treasury Department counterfeit obligations and other securities and coins of the United States or of any foreign government .....	478
405	Illustration of savings bonds .....	478
406	Seizure and forfeiture of gold for violations of Gold Reserve Act of 1934 and gold regulations .....	479
407	Regulations governing conduct in the Treasury Building and the Treasury Annex .....	479
408	Designation of temporary residence of the President or other person protected by the Secret Service and temporary offices of the President and staff, or other person protected by the Secret Service—rules governing access .....	481
409	Standard and procedures utilized in issuing a security clearance in connection with an application for a press pass to the White House .....	482
411	Color illustrations of United States currency .....	484
413	Closure of streets near the White House .....	484



**PART 401—SEIZURE AND FORFEITURE OF VESSELS, VEHICLES AND AIRCRAFT USED TO TRANSPORT COUNTERFEIT COINS, OBLIGATIONS, SECURITIES, AND PARAPHERNALIA**

Sec.

401.1 Secret Service agents authorized to make seizures.

401.2 Custody.

401.3 Authority of District Directors of Customs to hold in custody.

401.4 Duties of Bureau of Customs.

401.5 Disposition.

AUTHORITY: Sec. 8, 53 Stat. 1293; 49 U.S.C. 788.

SOURCE: 33 FR 4257, Mar. 7, 1968, unless otherwise noted.

**§ 401.1 Secret Service agents authorized to make seizures.**

All officers of the U.S. Secret Service engaged in the enforcement of counterfeiting laws are hereby authorized and designated to seize such vessels, vehicles, and aircraft as may be subject to seizure because of violations of the said act of August 9, 1939, pertaining to contraband articles referred to in section 1(b) (3) of said act.

**§ 401.2 Custody.**

Each vessel, vehicle, or aircraft seized pursuant to the said act of August 9, 1939, and the regulations in this part shall forthwith be placed by the seizing officer in the custody of the District Director of Customs for the customs district in which such seizure is made. Such placing in custody shall be effected by immediate notification of the appropriate District Director of Customs of the seizure, together with a statement of the facts including a description of the vessel, vehicle, or aircraft, and the holding by the seizing officer of such vessel, vehicle, or aircraft subject to the instructions of the said district director of customs.

**§ 401.3 Authority of District Directors of Customs to hold in custody.**

District Directors of Customs are hereby authorized and designated to hold in custody awaiting appropriate disposition vessels, vehicles, and aircraft seized pursuant to the said act of

August 9, 1939, and the regulations in this part.

**§ 401.4 Duties of Bureau of Customs.**

With respect to every vessel, vehicle, and aircraft seized and placed in the custody of a district director of customs pursuant to the said act of August 9, 1939, and the regulations in this part, the appropriate officials of the Bureau of Customs are hereby authorized and designated as the officers who shall perform such administrative duties in connection with—

(a) The summary and judicial forfeiture and condemnation of such vessel, vehicle, or aircraft;

(b) The disposition of such vessel, vehicle, or aircraft or the proceeds from the sale thereof;

(c) The remission or mitigation of the forfeiture of such vessel, vehicle, or aircraft; and

(d) The compromise of claims and the award of compensation to informers in respect to such vessel, vehicle, or aircraft;

as may be necessary and proper by virtue of the provisions of said act of August 9, 1939, and by virtue of the provisions of the customs laws which the said act makes applicable in connection with seizures and forfeitures incurred or alleged to have been incurred under the said act and the regulations in this part. In the performance of said administrative duties the said appropriate officials of the Bureau of Customs shall be governed by the procedures established by the customs regulations, insofar as such procedures are applicable and not inconsistent with the provisions of the said act of August 9, 1939, and the regulations in this part. Powers of the character of those exercised by the Secretary of the Treasury and Commissioner of Customs in connection with the remission or mitigation of forfeitures under the customs laws and in connection with the compromise of claims and the award of compensation to informers under the customs laws shall be exercised by the Secretary of the Treasury in connection with the remission or mitigation of forfeitures under the said act of August 9, 1939, and in connection with the compromise of claims and the award of

**§ 401.5**

compensation to informers under the said act.

**§ 401.5 Disposition.**

With respect to each vessel, vehicle, and aircraft seized pursuant to the said act of August 9, 1939, and the regulations in this part, the Director of the Secret Service shall promptly notify the Administrator of the General Services Administration and the Commissioner of Customs whether the Secret Service desires to have such vessel, vehicle, or aircraft for its official use. When forfeiture of any vessel, vehicle, or aircraft has been perfected otherwise than by court decree, the district director holding in custody such vessel, vehicle, or aircraft shall:

(a) Either return the same to the Secret Service if the Director of the Secret Service has requested it for the official use of the Secret Service

(b) Or, if the Secret Service does not desire such vessel, vehicle, or aircraft for its official use, hold such vessel, vehicle, or aircraft subject to the instructions of the Administrator of the General Services Administration.

(Secs. 301-308, 49 Stat. 879-880; 40 U.S.C. 304f-304m)

**PART 402—REPRODUCTION OF CANCELED UNITED STATES INTERNAL REVENUE STAMPS**

AUTHORITY: Secs. 474, 492, 62 Stat. 706, 710; 18 U.S.C. 474, 492.

**§ 402.1 Reproductions authorized.**

Authority is hereby given to make, hold, and dispose of black and white reproductions of canceled U.S. internal revenue stamps: *Provided*, That such reproductions are made, held and disposed of as part of and in connection with the making, holding, and disposition, for lawful purposes, of the reproductions of the documents to which such stamps are attached.

[33 FR 4257, Mar. 7, 1968]

**31 CFR Ch. IV (7-1-02 Edition)**

**PART 403—AUTHORIZATION OF ALL BANKS, U.S. POST OFFICES, AND DISBURSING OFFICERS OF THE UNITED STATES AND THEIR AGENTS TO DELIVER TO THE TREASURY DEPARTMENT COUNTERFEIT OBLIGATIONS AND OTHER SECURITIES AND COINS OF THE UNITED STATES OR OF ANY FOREIGN GOVERNMENT**

AUTHORITY: Sec. 492, 62 Stat. 710; 18 U.S.C. 492.

**§ 403.1 Delivery of counterfeit obligations and other securities and coins authorized.**

Authority is hereby given to all banks and banking institutions of any nature whatsoever organized under general or special Federal or State statutes, to all U.S. Post Offices, and to all disbursing officers of the United States and their agents, to take possession of and deliver to the Treasury Department through the Secret Service all counterfeit obligations and other securities and coins of the United States or of any foreign government which shall be presented at their places of business.

[33 FR 4257, Mar. 7, 1968]

**PART 405—ILLUSTRATION OF SAVINGS BONDS**

AUTHORITY: Sec. 474, 62 Stat. 706; 18 U.S.C. 474.

**§ 405.1 Illustrations authorized.**

(a) Authority is hereby given to make, hold, dispose of, and use illustrations of U.S. savings bonds for publicity purposes in connection with the campaign for the sale of such bonds.

(b) The making of any reproduction of a U.S. savings bond in any manner or any form is not permitted other than as provided in this part or pursuant to title 18, United States Code, section 504 (18 U.S.C. 504).

[36 FR 21338, Nov. 6, 1971]

**PART 406—SEIZURE AND FORFEITURE OF GOLD FOR VIOLATIONS OF GOLD RESERVE ACT OF 1934 AND GOLD REGULATIONS**

- Sec.
- 406.1 Secret Service officers authorized to make seizures of gold.
- 406.2 Custody of seized gold valued not in excess of \$2,500.
- 406.3 Forfeiture of gold valued not in excess of \$2,500.
- 406.4 Duties of customs officers.
- 406.5 Forfeiture of gold valued in excess of \$2,500.

AUTHORITY: R.S. 161, as amended, sec. 4, 48 Stat. 340; 5 U.S.C. 301, 31 U.S.C. 443.

SOURCE: 33 FR 4258, Mar. 7, 1968, unless otherwise noted.

**§ 406.1 Secret Service officers authorized to make seizures of gold.**

All agents of the U.S. Secret Service, in addition to officers of the customs, are hereby authorized and designated to seize any gold which may be subject to forfeiture for violations of the Gold Reserve Act of 1934 (31 U.S.C. 440-445) and the Gold Regulations.

**§ 406.2 Custody of seized gold valued not in excess of \$2,500.**

Any gold, the value of which does not exceed \$2,500, seized by officers of the Secret Service pursuant to the Gold Reserve Act of 1934 and the Gold Regulations, if not needed as evidence or for further investigation by the Secret Service, shall be placed forthwith by the seizing officer in the custody of the district director of customs for the customs district in which such seizure is made. Such gold shall be accompanied by a report from the Secret Service showing the basis of the seizure and a citation to each of the statutes and sections of the Gold Regulations violated.

**§ 406.3 Forfeiture of gold valued not in excess of \$2,500.**

The district director of customs receiving custody of gold seized by the Secret Service, shall, if no petition is filed for the remission of mitigation of the forfeiture incurred, institute summary forfeiture proceedings in the judicial district in which such seizure is made under the appropriate provisions

of the law and Customs Regulations applicable to the forfeiture of merchandise imported contrary to law.

**§ 406.4 Duties of customs officers.**

The appropriate officials of the Bureau of Customs are hereby authorized and designated as the officers who shall perform such administrative duties in connection with the summary forfeiture of gold seized by the Secret Service, the sale or other disposition of such gold, and the remission or mitigation of the forfeiture of such gold, as may be necessary or proper by virtue of the provisions of the Gold Reserve Act of 1934 and the Gold Regulations, and by virtue of the provisions of the customs laws which the said Gold Reserve Act makes applicable in connection with the seizures and forfeitures incurred or alleged to have been incurred under the said act and regulations. In the performance of said administrative duties the appropriate officials of the Bureau of Customs shall be governed by the procedures established by the Customs Regulations insofar as such procedures are applicable and not inconsistent with the provisions of the Gold Reserve Act of 1934 and the Gold Regulations.

**§ 406.5 Forfeiture of gold valued in excess of \$2,500.**

When the value of the gold seized by the Secret Service exceeds \$2,500, the seizing officer shall furnish a report, approved by the principal local officer, to the U.S. attorney, and shall include in such report a statement of all the facts and circumstances of the case, together with the names of the witnesses and a citation to each of the statutes and sections of the Gold Regulations believed to have been violated and on which reliance may be had for forfeiture.

**PART 407—REGULATIONS GOVERNING CONDUCT IN THE TREASURY BUILDING AND THE TREASURY ANNEX**

- Sec.
- 407.1 Authority.
- 407.2 Applicability.
- 407.3 Recording presence.
- 407.4 Preservation of property.

## § 407.1

- 407.5 Conformity with signs and directions.
- 407.6 Nuisances.
- 407.7 Gambling.
- 407.8 Intoxicating beverages and narcotics.
- 407.9 Soliciting, vending, debt collection, and distribution of handbills.
- 407.10 Photographs for news, advertising, or commercial purposes.
- 407.11 Dogs and other animals.
- 407.12 Vehicular and pedestrian traffic.
- 407.13 Weapons and explosives.
- 407.14 Penalties and other law.

AUTHORITY: 5 U.S.C. 301; FPMR Temp. Reg. D-40, 38 FR 20650; Treasury Dept. Order 177-25 (Revision 2), 38 FR 21947.

SOURCE: 33 FR 7149, May 15, 1968, unless otherwise noted.

### § 407.1 Authority.

The regulations in this part governing conduct in and on the Treasury Building and grounds and the Treasury Annex Building and grounds are promulgated pursuant to the authority vested in the Secretary of the Treasury, including (5 U.S.C. 301), and that vested in him by delegation from the Administrator of General Services, 38 FR 20650 (1973), and in accordance with the authority vested in the Director of the U.S. Secret Service by Treasury Department Order No. 177-25 (Revision 2), 38 FR 21947 (1973).

[38 FR 31975, Nov. 20, 1973]

### § 407.2 Applicability.

The regulations in this part apply to the building and grounds of the Main Treasury Building and the Treasury Annex Building located in Washington, DC, at 15th Street and Pennsylvania Avenue NW., and Madison Place and Pennsylvania Avenue NW., respectively, and to all persons entering in or on such property. The Main Treasury Building and grounds and the Treasury Annex Building and grounds shall hereafter be referred to in the regulations in this part as "property".

### § 407.3 Recording presence.

Except as otherwise ordered, the property shall be closed to the public after normal working hours and at such other times as may be necessary for the orderly conduct of the business of the Treasury Department. The property shall also be closed to the public when, in the opinion of the Assistant Secretary for Administration, or his

## 31 CFR Ch. IV (7-1-02 Edition)

delegate, an emergency situation exists. Admission to the property during periods when the property is closed to the public will be limited to authorized individuals who may be required to sign the register and/or display identification documents when requested by Treasury guards or other authorized individuals.

### § 407.4 Preservation of property.

No person shall, without proper authority, willfully destroy, damage, deface, or remove property or any part thereof, or any furnishings therein.

### § 407.5 Conformity with signs and directions.

Persons in and on the property shall comply with the instructions of Treasury guards, with official signs of a prohibitory or directory nature, and with the directions of other authorized officials.

### § 407.6 Nuisances.

The use of loud, abusive, or profane language, unwarranted loitering, unauthorized assembly, the creation of any hazard to persons or things, improper disposal of rubbish, spitting, prurient prying, the commission of any obscene or indecent act, or any other disorderly conduct on the property is prohibited. The throwing of any articles of any kind in, upon, or from the property and climbing upon any part thereof is prohibited.

### § 407.7 Gambling.

Participating in games for money or other property, the operation of gambling devices, the conduct of a lottery or pool, the selling or purchasing of numbers tickets, or any other gambling, in or on the property is prohibited.

### § 407.8 Intoxicating beverages and narcotics.

Entering or being on the property, or operating a motor vehicle thereon, by a person under the influence of intoxicating beverages or narcotic drugs is prohibited.

## Secret Service, Treasury

## § 408.1

### § 407.9 Soliciting, vending, debt collection, and distribution of handbills.

The unauthorized soliciting of alms and contributions, the commercial soliciting and vending of all kinds, the display or distribution of commercial advertising, or the collecting of private debts, in or on the property is prohibited. This prohibition does not apply to Department of Treasury concessions or notices posted by authorized employees on the bulletin boards. Distribution of material such as pamphlets, handbills, and flyers is prohibited without prior approval from the Assistant Secretary for Administration, or his delegate.

### § 407.10 Photographs for news, advertising, or commercial purposes.

Except where security regulations apply, or a Federal court order or rule prohibits it, photographs for news purposes may be taken in areas on the property to which the public customarily has access without prior permission. Photographs for advertising and commercial purposes may be taken in such areas only with the prior written permission of the Assistant Secretary for Administration, or his delegate.

### § 407.11 Dogs and other animals.

Dogs and other animals, except seeing-eye dogs, shall not be brought upon the property for other than official purposes.

### § 407.12 Vehicular and pedestrian traffic.

(a) Drivers of all vehicles in or on the property shall drive in a careful and safe manner at all times and shall comply with the signals and directions of Treasury guards and all posted traffic signs.

(b) The blocking of entrances, drive-ways, walks, loading platforms, or fire hydrants in or on the property is prohibited.

(c) Parking in or on the property is not allowed without a permit or specific authority. Parking without authority, parking in unauthorized locations, or in locations reserved for other persons, or contrary to the directions of Treasury guards or posted signs is prohibited.

(d) This section may be supplemented from time to time with the approval of

the Assistant Secretary for Administration, or his delegate, by the issuance and posting of specific traffic directives as may be required and when so issued and posted such directives shall have the same force and effect as if made a part hereof.

### § 407.13 Weapons and explosives.

No person while on the property shall carry firearms, other dangerous or deadly weapons, or explosives, either openly or concealed, except for official purposes.

### § 407.14 Penalties and other law.

Whoever shall be found guilty of violating the regulations in this part while on the property is subject to a fine of not more than \$50 or imprisonment of not more than 30 days, or both (see 40 U.S.C. 318c). Nothing contained in these regulations shall be construed to abrogate any other Federal laws or regulations of the District of Columbia applicable to the property referred to in § 407.2 and governed by the regulations.

## PART 408—DESIGNATION OF TEMPORARY RESIDENCE OF THE PRESIDENT OR OTHER PERSON PROTECTED BY THE SECRET SERVICE AND TEMPORARY OFFICES OF THE PRESIDENT AND STAFF, OR OTHER PERSON PROTECTED BY THE SECRET SERVICE—RULES GOVERNING ACCESS

Sec.

408.1 Authority.

408.2 Designation.

408.3 Rules governing access.

AUTHORITY: 18 U.S.C. 1752 (84 Stat. 1891, 96 Stat. 1451).

SOURCE: 49 FR 28553, July 13, 1984, unless otherwise noted.

### § 408.1 Authority.

The designation of the buildings and grounds in this part which constitute the temporary residence of the President or other person protected by the Secret Service and the temporary offices of the President and Presidential staff or of any other person protected

## § 408.2

by the Secret Service and the regulations governing access to such restricted areas where the President or any other person protected by the Secret Service is or will be temporarily visiting, are promulgated pursuant to the authority vested in the Secretary of the Treasury by 18 U.S.C. 1752 (84 Stat. 1891, 96 Stat. 1451).

### § 408.2 Designation.

(a) For the purpose of 18 U.S.C. 1752, the buildings and grounds which constitute temporary residence of the President are as follows:

*Santa Barbara County, California home.* That certain tract land in the County of Santa Barbara, State of California, shown and designated as "Parcel 1" on Parcel Map No. 11697 filed January 2, 1973 in Book 11, page 40 of Parcel Maps in the office of the County Recorder of said County.

This property and the related conditions, restrictions, reservations, easements, rights and rights of way of record are more fully described in a Grant Deed recorded with the Santa Barbara County Recorder's Office (Book 2540, Pages 1381-1385).

(b) For the purposes of 18 U.S.C. 1752, the buildings and grounds which constitute temporary residences of other persons protected by the Secret Service shall be that property which each designates for protection by the Secret Service in accord with the provisions of section 3 of Pub. L. 95-524 (90 Stat. 2475). To the extent that a further description of such property may be necessary, such description shall be provided by the Secret Service in the form of a verbal or written notice to prospective visitors at each protective site.

(c) For purposes of 18 U.S.C. 1752, the buildings and grounds which constitute temporary offices of the President and Presidential staff or offices of other persons protected by the Secret Service shall be those offices outside of Washington, DC, which are either supplied to the individual protectee by the government by virtue of that individual's position/former position with the government or those offices in which the individual conducts/is conducting his or her business affairs. To the extent that a further description of such property may be necessary, such description shall be provided by the Secret Service in the form of a verbal or writ-

## 31 CFR Ch. IV (7-1-02 Edition)

ten notice to prospective visitors at each protective site.

### § 408.3 Rules governing access.

(a) For the purposes of 18 U.S.C. 1752 (84 Stat. 1891, 96 Stat. 1451), ingress or egress to or from the buildings or grounds designated in § 408.2 and any posted, cordoned off, or otherwise restricted areas of a building or grounds where the President or other person protected by the United States Secret Service is or will be visiting is authorized only for the following persons:

(1) Invitees: Persons invited by or having appointments with the protectee, the protectee's family, or members of the protectee's staff;

(2) Members of the protectee's family and staff;

(3) Military and Communications Personnel assigned to the Office of the President;

(4) Federal, state, and local law enforcement personnel engaged in the performance of their official duties and other persons, whose presence is necessary to provide services or protection for the premises or persons therein;

(5) Holders of grants of easement to the property, provided such persons or their authorized representatives show title to the grant of easement and obtain authorization from the United States Secret Service.

(b) Authorized persons must possess and display identification documents issued by or satisfactory to the United States Secret Service.

(c) Unauthorized entry is prohibited.

(d) The term "protectee" as used in this rule includes the President and any other person receiving protection from the United States Secret Service as provided by law.

## PART 409—STANDARD AND PROCEDURES UTILIZED IN ISSUING A SECURITY CLEARANCE IN CONNECTION WITH AN APPLICATION FOR A PRESS PASS TO THE WHITE HOUSE

Sec.  
409.1 Standard.  
409.2 Procedures.

AUTHORITY: 18 U.S.C. 3056 and 3 U.S.C. 202.



## Secret Service, Treasury

## § 409.2

### § 409.1 Standard.

In granting or denying a request for a security clearance made in response to an application for a White House press pass, officials of the Secret Service will be guided solely by the principle of whether the applicant presents a potential source of physical danger to the President and/or the family of the President so serious as to justify his or her exclusion from White House press privileges.

[43 FR 26718, June 22, 1978]

### § 409.2 Procedures.

(a) If the Special Agent in Charge of the Secret Service, Technical Security Division, in applying the standard set forth in § 409.1, anticipates that a denial of the security clearance should be issued, the applicant will be notified in writing, by that official, of the basis for the proposed denial in as much detail as the security of any confidential source of information will permit. This notification will be sent by registered mail.

(b) The notification of the proposed denial sent to the applicant will also contain a statement advising the applicant of his right to respond to the proposed denial and to rebut any factual basis supporting the proposed denial by contacting the Assistant Director—Protective Operations, United States Secret Service, 1800 “G” Street, NW., Washington, DC 20223.

(c) The applicant shall be allowed thirty days from the date of the mailing of the proposed denial notification to respond in writing. The response shall consist of any explanation or rebuttal deemed appropriate by the applicant and will be signed by the applicant under oath or affirmation.

(d) If the applicant is unable to prepare a response within thirty days, an extension for one additional thirty day period will be granted upon receipt of the applicant's written request for such an extension.

(e) At the time of the filing of the applicant's written response to the notification of the proposed denial the applicant may request, and will be granted, the opportunity to make a personal appearance before the Assistant Director—Protective Operations of the Se-

cret Service for the purpose of personally supporting his eligibility for a security clearance and to rebut or explain the factual basis for the proposed denial. This official shall exercise final review authority in the matter. The applicant may be represented by counsel during this appearance.

(f)(1) On the basis of the applicant's written and personal response and the factual basis for the proposed denial, the Assistant Director—Protective Operations of the Secret Service will determine whether or not further inquiry or investigation concerning the issues raised, is necessary.

(2) If a decision is made that no such inquiry is necessary a final decision will be issued in conformity with paragraph (g) of this section.

(3) If a decision is made that such further inquiry is necessary the Assistant Director—Protective Operations of the Secret Service, will conduct such further inquiry as that official deems appropriate. At the official's discretion, the inquiry may consist of:

(i) The securing of documentary evidence;

(ii) Personal interviews;

(iii) An informal hearing;

(iv) Any combination of paragraphs (f)(3)(i) through (iii) of this section.

(g) On the basis of the applicant's written and personal response, the factual basis for the proposed denial and the additional inquiry provided for, if such inquiry is conducted, a final decision will be expeditiously made by the Assistant Director—Protective Operations of the United States Secret Service in accordance with the standard set forth in § 409.1. If a final adverse decision is reached, the applicant will be notified of this final decision in writing. This notification will set forth, as precisely as possible and to the extent that security considerations permit, the factual basis for the denial in relation to the standard set forth in § 409.1. This notification will be sent by registered mail and will be signed by the Assistant Director—Protective Operations of the Secret Service.

[43 FR 26718, June 22, 1978]

**PART 411—COLOR ILLUSTRATIONS  
OF UNITED STATES CURRENCY**

AUTHORITY: 18 U.S.C. 504; Treasury Directive Number 15-56, 58 FR 48539 (September 16, 1993)

SOURCE: 61 FR 27281, May 31, 1996, unless otherwise noted.

**§ 411.1 Color illustrations authorized.**

(a) Notwithstanding any provision of chapter 25 of Title 18 of the U.S. Code, authority is hereby given for the printing, publishing or importation, or the making or importation of the necessary plates or items for such printing or publishing, of color illustrations of U.S. currency provided that:

(1) The illustration be of a size less than three-fourths or more than one and one-half, in linear dimension, of each part of any matter so illustrated;

(2) The illustration be one-sided; and

(3) All negatives, plates, positives, digitized storage medium, graphic files, magnetic medium, optical storage devices, and any other thing used in the making of the illustration that contain an image of the illustration or any part thereof shall be destroyed and/or deleted or erased after their final use in accordance with this section.

(b) [Reserved]

**PART 413—CLOSURE OF STREETS  
NEAR THE WHITE HOUSE**

Sec.

413.1 Closure of streets.

413.2 Coordination with other authorities.

AUTHORITY: 31 U.S.C. 321, 18 U.S.C. 3056, 3 U.S.C. 202, Treasury Order 170-09.

SOURCE: 60 FR 27885, May 26, 1995, unless otherwise noted.

**§ 413.1 Closure of streets.**

(a) *District of Columbia.* The following streets in the District of Columbia are closed to public vehicular traffic:

(1) The segment of Pennsylvania Avenue, Northwest, situated between Madison Place, Northwest, and Seventeenth Street, Northwest;

(2) The 1600 block of State Place, Northwest, situated between Seventeenth Street, Northwest, and the White House Complex; and

(3) The segment of South Executive Avenue that connects to the 1600 block of State Place, Northwest.

(b) *Authorized access.* The streets described in paragraph (a) shall remain open to public pedestrian use, official use of the United States, and authorized vehicular access for ingress and egress to the White House Complex and adjacent Federal Buildings.

**§ 413.2 Coordination with other authorities.**

Nothing in § 413.1 shall be in derogation of any authority conferred upon the Secretary of the Interior, the Secretary of the Treasury or the Director, United States Secret Service.

## CHAPTER V—OFFICE OF FOREIGN ASSETS CONTROL, DEPARTMENT OF THE TREASURY

<i>Part</i>		<i>Page</i>
500	Foreign assets control regulations .....	487
501	Reporting and procedures regulations .....	540
505	Regulations prohibiting transactions involving the shipment of certain merchandise between foreign countries .....	548
515	Cuban assets control regulations .....	550
535	Iranian assets control regulations .....	611
536	Narcotics trafficking sanctions regulations .....	635
537	Burmese sanctions regulations .....	647
538	Sudanese sanctions regulations .....	656
539	Weapons of mass destruction trade control regula- tions .....	678
540	Highly enriched uranium (HEU) agreement assets control regulations .....	686
545	Tabilan (Afghanistan) sanctions regulations .....	696
550	Libyan sanctions regulations .....	716
560	Iranian transactions regulations .....	741
575	Iraqi sanctions regulations .....	772
585	Federal Republic of Yugoslavia (Serbia and Monte- negro) and Bosnian Serb-controlled areas of the Republic of Bosnia and Herzegovina sanctions regulations .....	794
586	Federal Republic of Yugoslavia (Serbia & Monte- negro) Kosovo sanctions regulations .....	820
587	Federal Republic of Yugoslavia (Serbia and Monte- negro) Milosevic sanctions regulations .....	838
588	Western Balkans stabilization regulations .....	851
590	Angola (UNITA) sanctions regulations .....	864
591	Rough diamonds (Sierra Leone & Liberia) sanc- tions regulations .....	881
595	Terrorism sanctions regulations .....	889
596	Terrorism List Governments sanctions regulations	899
597	Foreign terrorist organizations sanctions regula- tions .....	904
598	Foreign narcotics kingpin sanctions regulations ...	914

**31 CFR Ch. V (7-1-02 Edition)**

<i>Part</i>	<i>Page</i>
APPENDIX A TO CHAPTER V—ALPHABETICAL LISTING OF BLOCKED PERSONS, SPECIALLY DESIGNATED NATIONALS, SPECIALLY DESIGNATED TERRORISTS, FOREIGN TERRORIST ORGANIZATIONS, AND SPECIALLY DESIGNATED NARCOTICS TRAFFICKERS .....	927
APPENDIX B TO CHAPTER V—ALPHABETICAL LISTING OF VES- SELS THAT ARE THE PROPERTY OF BLOCKED PERSONS OR SPECIALLY DESIGNATED NATIONALS .....	1008

## **PART 500—FOREIGN ASSETS CONTROL REGULATIONS**

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

Sec.

500.101 Relation of this part to other laws and regulations.

### **Subpart B—Prohibitions**

500.201 Transactions involving designated foreign countries or their nationals; effective date.

500.202 Transactions with respect to securities registered or inscribed in the name of a designated national.

500.203 Effect of transfers violating the provisions of this chapter.

500.204 Importation of and dealings in certain merchandise.

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

500.206 Exemption of information and informational materials.

### **Subpart C—General Definitions**

500.301 Foreign country.

500.302 National.

500.303 Nationals of more than one foreign country.

500.305 Designated national.

500.306 Specially designated national.

500.307 Unblocked national.

500.308 Person.

500.309 Transactions.

500.310 Transfer.

500.311 Property; property interests.

500.312 Interest.

500.313 Property subject to the jurisdiction of the United States.

500.314 Banking institution.

500.316 License.

500.317 General license.

500.318 Specific license.

500.319 Blocked account.

500.320 Domestic bank.

500.321 United States; continental United States.

500.322 Authorized trade territory; member of the authorized trade territory.

500.323 Occupied area.

500.325 National securities exchange.

500.326 Custody of safe deposit boxes.

500.327 Blocked estate of a decedent.

500.328 Status of those portions of Korea under control of the government of the Republic of Korea; and of the diplomatic and consular representatives of those countries.

500.329 Person subject to the jurisdiction of the United States.

500.330 Person within the United States.

500.331 Merchandise.

500.332 Information and informational materials.

### **Subpart D—Interpretations**

500.401 Reference to amended sections.

500.402 Effect of amendment of sections of this chapter or of other orders, etc.

500.403 Termination and acquisition of the interest of a designated national.

500.404 Transactions between principal and agent.

500.405 Exportation of securities, etc. to designated foreign countries.

500.406 Drafts under irrevocable letters of credit; documentary drafts.

500.407 Administration of blocked estates of decedents.

500.408 Access to certain safe deposit boxes prohibited.

500.409 Certain payments to designated foreign countries and nationals through third countries.

500.410 Currency, coins, and postage and other stamps.

500.411 Dealings abroad in commodities subject to the Regulations.

500.412 Process vs. manufacture.

500.413 Participation in certain development projects in Vietnam.

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

500.502 Effect of subsequent license or authorization.

500.503 Exclusion from licenses and authorizations.

500.504 Certain judicial proceedings with respect to property of designated nationals.

500.505 Certain persons unblocked.

500.506-500.507 [Reserved]

500.508 Payments to blocked accounts in domestic banks.

500.509 Entries in certain accounts for normal service charges.

500.510 Payments to the United States, States and political subdivisions.

500.511 Transactions by certain business enterprises.

500.513 Purchase and sale of certain securities.

500.514 Payment of dividends and interest on and redemption and collection of securities.

500.515 Transfers of securities to blocked accounts in domestic banks.

500.516 Voting and soliciting of proxies on securities.

500.517 Access to safe deposit boxes under certain conditions.

500.518 Payments for living, traveling, and similar personal expenses in the United States.

500.519 Limited payments from accounts of United States citizens abroad.

**Pt. 500**

**31 CFR Ch. V (7-1-02 Edition)**

500.520 Payments from accounts of United States citizens in employ of United States in foreign countries and certain other persons.

500.521 Certain remittances for necessary living expenses.

500.522 Certain remittances to United States citizens in foreign countries.

500.523 Transactions incident to the administration of decedents' estates.

500.524 Payment from, and transactions in the administration of certain trusts and estates.

500.525 Certain transfers by operation of law.

500.526 Transactions involving blocked life insurance policies.

500.527 Certain transactions with respect to United States patents, trademarks, and copyrights.

500.528 Certain transactions with respect to blocked foreign patents, trademarks and copyrights authorized.

500.529 Powers of attorney.

500.530 Exportation of powers of attorney or instructions relating to certain types of transactions.

500.533 Exportations, reexportations, and incidental transactions.

500.535 Exchange of certain securities.

500.536 Certain transactions with respect to merchandise affected by § 500.204.

500.549 Proof of origin.

500.550 Transactions related to information and informational materials.

500.551 Reimports.

500.552 Research samples.

500.553 Prior contractual commitments not a basis for licensing.

500.554 Gifts of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin.

500.556 Joint bank accounts.

500.557 Proceeds of insurance policies.

500.558 Accounts of blocked partnerships.

500.559 Accounts of North Korean, North Vietnamese, Cambodian or South Vietnamese sole proprietorships.

500.560 Bank accounts of official representatives of foreign governments in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

500.561 Transfers of abandoned property under State laws.

500.562 [Reserved]

500.563 Transactions incident to travel to and within North Korea.

500.564 [Reserved]

500.565 Family remittances to nationals of Vietnam and Cambodia.

500.566 Certain transactions authorized on behalf of North Korean nationals incident to their travel and maintenance expenses.

500.567 U.S. assets of certain designated country corporations.

500.568 U.S. assets of blocked decedents.

500.569 [Reserved]

500.570 Cambodian property unblocked.

500.571 Transactions related to telecommunications authorized.

500.572 Humanitarian projects authorized.

500.573 Certain donations of funds and goods to meet basic human needs authorized.

500.574 Executory contracts and related transactions authorized.

500.575 Certain services to Vietnamese nationals authorized.

500.576 Authorization of transactions concerning certain development projects in Vietnam.

500.577 Authorization of bank transactions with respect to Vietnam by certain international organizations.

500.578 Vietnamese property unblocked.

500.579 Authorization for release of certain blocked transfers by banking institutions subject to U.S. jurisdiction.

500.580 Authorization of U.S. dollar clearing transactions involving North Korea.

500.581 Financial transactions related to diplomatic missions authorized.

500.582 Importation of North Korean-origin magnesite and magnesia.

500.583 News organization offices.

500.584 Energy sector projects in North Korea.

500.585 Payments for services rendered by North Korea to United States aircraft authorized.

500.586 Authorization of new transactions concerning certain North Korean property.

**Subpart F—Reports**

500.601 Records and reports.

500.602 Reporting of claims of U.S. nationals against North Korea.

**Subpart G—Penalties**

500.701 Penalties.

500.702 Prepenalty notice; contents; respondent's rights; service.

500.703 Response to prepenalty notice; requests for hearing and prehearing discovery; waiver; informal settlement.

500.704 Penalty imposition or withdrawal absent a hearing request.

500.705 Time and opportunity to request a hearing.

500.706 Hearing.

500.707 Interlocutory appeal.

500.708 Settlement during hearing proceedings.

500.709 Motions.

500.710 Discovery.

500.711 Summary disposition.

500.712 Prehearing conferences and submissions.

500.713 Public hearings.

500.714 Conduct of hearings.

500.715 Evidence.

- 500.716 Proposed decisions; recommended decision of Administrative Law Judge; final decision.
- 500.717 Judicial review.
- 500.718 Referral to United States Department of Justice; administrative collection measures.

#### Subpart H—Procedures

- 500.801 Procedures.
- 500.802 Delegation by the Secretary of the Treasury.
- 500.803 Customs procedures; merchandise specified in § 500.204.

#### Subpart I—Miscellaneous Provisions

- 500.901 Paperwork Reduction Act notice.

#### APPENDIX A TO PART 500—QUALIFYING INTERNATIONAL INSTITUTIONS

AUTHORITY: 18 U.S.C. 2332d; 31 U.S.C. 321(b); 50 U.S.C. App. 1-44; 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. 9989, 13 FR 4891, 3 CFR, 1943-1948 Comp., p.748.

SOURCE: 15 FR 9040, Dec. 19, 1950, unless otherwise noted.

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

##### § 500.101 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 one of those parts, or any other provision of law, authorizes any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part shall be deemed to authorize any transaction prohibited by any law other than the Trading With the Enemy Act, 50 U.S.C. App. 5(b), as amended, the Foreign Assistance Act of 1961, 22 U.S.C. 2370, or any proclamation, order, regulation or license issued pursuant thereto.

[50 FR 27436, July 3, 1985, as amended at 62 FR 45101, Aug. 25, 1997]

#### Subpart B—Prohibitions

##### § 500.201 Transactions involving designated foreign countries or their nationals; effective date.

(a) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if either such transactions are by, or on behalf of, or pursuant to the direction of any designated foreign country, or any national thereof, or such transactions involve property in which any designated foreign country, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All transfers of credit and all payments between, by, through, or to any banking institution or banking institutions wheresoever located, with respect to any property subject to the jurisdiction of the United States or by any person (including a banking institution) subject to the jurisdiction of the United States;

(2) All transactions in foreign exchange by any person within the United States; and

(3) The exportation or withdrawal from the United States of gold or silver coin or bullion, currency or securities, or the earmarking of any such property, by any person within the United States.

(b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if such transactions involve property in which any designated foreign country, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person

## § 500.202

subject to the jurisdiction of the United States; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

(c) Any transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions set forth in paragraph (a) or (b) of this section is hereby prohibited.

(d) The term “designated foreign country” means a foreign country in the following schedule, and the terms “effective date” and “effective date of this section” mean with respect to any designated foreign country, or any national thereof, 12:01 a.m. eastern standard time of the date specified in the following schedule, except as specifically noted after the country or area.

### SCHEDULE

(1) North Korea, i.e., Korea north of the 38th parallel of north latitude: December 17, 1950.

(2) Cambodia: April 17, 1975.

(3) North Vietnam; i.e., Vietnam north of the 17th parallel of north latitude: May 5, 1964.

(4) South Vietnam, i.e., Vietnam south of the 17th parallel of north latitude: April 30, 1975, at 12:00 p.m. e.d.t.

(e) When a transaction results in the blocking of funds at a banking 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.

[15 FR 9040, Dec. 19, 1950, as amended at 18 FR 2079, Apr. 14, 1953; 50 FR 27436, July 3, 1985; 62 FR 45101, Aug. 25, 1997]

## § 500.202 Transactions with respect to securities registered or inscribed in the name of a designated national.

Unless authorized by a license expressly referring to this section, the acquisition, transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on, or otherwise dealing in any security (or evidence thereof) registered or inscribed in the

## 31 CFR Ch. V (7-1-02 Edition)

name of any designated national is prohibited irrespective of the fact that at any time (either prior to, on 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.

## § 500.203 Effect of transfers violating the provisions of this chapter.

(a) Any transfer after the “effective date” which is in violation of any provision of this chapter or of any regulation, ruling, instruction, license, or other direction or authorization thereunder and involves any property in which a designated national has or has had an interest since such “effective 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 a designated national has or has had an interest since the “effective date” unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such “effective date.”

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of section 5(b) of the Trading With the Enemy Act, as amended, and this chapter and any ruling, order, regulation, direction or instruction issued thereunder.

(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 pursuant to such provisions, 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 each of the following:

(1) Such transfer did not represent a willful violation of the provisions of this chapter 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 the provisions of this chapter 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 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 chapter or any regulation, ruling, instruction, license or other direction or authorization thereunder, or

(ii) Such transfer was not licensed or authorized by the Secretary of the Treasury, or

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

the person with whom such property was held or maintained filed with the Treasury Department, Washington, DC 20220, a report in triplicate 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 to be compliance or evidence of compliance with paragraphs (d) (1) and (2) of this section.

(e) Unless licensed or authorized by § 500.504 or otherwise licensed or authorized pursuant to this chapter 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 the interest of a designated foreign country or national thereof.

(f) For the purpose of this section the term "property" includes gold, silver, bullion, currency, coin, credit, securi-

ties (as that term is defined in section 2(1) of the Securities Act of 1933, as amended) (48 Stat. 74; 15 U.S.C. 77(b)), bills of exchange, notes, drafts, acceptances, checks, letters of credit, book credits, debts, claims, contracts, negotiable documents of title, mortgages, liens, annuities, insurance policies, options and futures in commodities, and evidences of any of the foregoing. The term "property" shall not, except to the extent indicated, be deemed to include chattels or real property.

[15 FR 9040, Dec. 19, 1950, as amended at 41 FR 16553, Apr. 20, 1976]

**§ 500.204 Importation of and dealings in certain merchandise.**

(a) Except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, or rulings, instructions, licenses, or otherwise, persons subject to the jurisdiction of the United States may not purchase, transport, import, or otherwise deal in or engage in any transaction with respect to any merchandise outside the United States specified in following paragraph (a)(1) of this section.

(1) Merchandise the country of origin of which is North Korea, North Viet-Nam, Cambodia, or South Viet-Nam. Articles which are the growth, produce or manufacture of these areas shall be deemed for the purposes of this chapter to be merchandise whose country of origin is North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, notwithstanding that they may have been subjected to one or any combination of the following processes in another country:

- (i) Grading;
- (ii) Testing;
- (iii) Checking;
- (iv) Shredding;
- (v) Slicing;
- (vi) Peeling or splitting;
- (vii) Scraping;
- (viii) Cleaning;
- (ix) Washing;
- (x) Soaking;
- (xi) Drying;
- (xii) Cooling, chilling or refrigerating;
- (xiii) Roasting;
- (xiv) Steaming;

**§ 500.205**

**31 CFR Ch. V (7-1-02 Edition)**

- (xv) Cooking;
- (xvi) Curing;
- (xvii) Combining of fur skins into plates;
- (xviii) Blending;
- (xix) Flavoring;
- (xx) Preserving;
- (xxi) Pickling;
- (xxii) Smoking;
- (xxiii) Dressing;
- (xxiv) Salting;
- (xxv) Dyeing;
- (xxvi) Bleaching;
- (xxvii) Tanning;
- (xxviii) Packing;
- (xxix) Canning;
- (xxx) Labeling;
- (xxxi) Carding;
- (xxxii) Combing;
- (xxxiii) Pressing;
- (xxxiv) Any process similar to any of the foregoing.

Any article wheresoever manufactured shall be deemed for the purposes of this chapter to be merchandise whose country of origin is North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, if there shall have been added to such articles any embroidery, needle point, petit point, lace or any other article of adornment which is the product of North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, notwithstanding that such addition to the merchandise may have occurred in a country other than North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

[40 FR 19202, May 2, 1975, as amended at 41 FR 16553, Apr. 20, 1976; 45 FR 7224, Jan. 31, 1980]

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

(a) Except as provided by paragraphs (d), (e) and (f) of this section, or as authorized by the Secretary of the Treasury or his delegate by specific license, any person holding any property included in paragraph (h) of this section is prohibited from holding, withholding, using, transferring, engaging in any transactions involving, or exercising any right, power, or privilege with respect to any such property, unless it is held in an interest-bearing account in a domestic bank.

(b) Any person presently holding property subject to the provisions of paragraph (a) of this section which, as of the effective date of this section, is not being held in accordance with the provisions of that paragraph, shall transfer such property to or hold such property or cause such property to be held in an interest-bearing account in any domestic bank within 30 days of the effective date of this section.

(c) Any person holding any checks or drafts subject to the provisions of § 500.201 is authorized and directed, wherever possible consistent with state law (except as otherwise specifically provided in paragraph (c)(3) of this section), to negotiate or present for collection or payment such instruments and credit the proceeds to interest-bearing accounts. Any transaction by any person incident to the negotiation, processing, presentment, collection or payment of such instruments and deposit of the proceeds into an interest-bearing account is hereby authorized: *Provided, That:*

(1) The transaction does not represent, directly or indirectly, a transfer of the interest of a designated national to any other country or person;

(2) The proceeds are held in a blocked account indicating the designated national who is the payee or owner of the instrument; and,

(3) In the case of a blocked check or draft which has been purchased by the maker/drawer from the drawee bank (*e.g.*, cashier's check, money order, or traveler's check) or which is drawn against a presently existing account, such bank, on presentment of the instrument in accordance with the provisions of this section, shall either:

(i) Pay the instrument (subject to paragraphs (c) (1) and (2) of this section) or

(ii) Credit a blocked account on its books with the amount payable on the instrument.

In either event, the blocked account shall be identified as resulting from the proceeds of a blocked check or draft, and the identification shall include a reference to the names of both the maker and payee of the instrument.

(d) Property subject to the provisions of paragraph (a) or (b) of this section,

held by a person claiming a set-off against such property, is exempt from the provisions of paragraphs (a), (b) and (c) of this section to the extent of the set-off: *Provided however*, That interest shall be due from 30 days after the effective date of this section if it should ultimately be determined that the claim to a set-off is without merit.

(e) Property subject to the provisions of paragraphs (a) and (b) of this section, held in a customer's account by a registered broker/dealer in securities, may continue to be held for the customer by the broker/dealer provided interest is credited to the account on any balance not invested in securities in accordance with §500.513. The interest paid on such accounts by a broker/dealer who does not elect to hold such property for a customer's account in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the jurisdiction in which the broker/dealer holds the account.

(f) Property subject to the provisions of paragraphs (a) and (b) of this section, held by a state agency charged with the custody of abandoned or unclaimed property under §500.561 may continue to be held by the agency provided interest is credited to the blocked account in which the property is held by the agency, or the property is held by the agency in a blocked account in a domestic bank. The interest credited to such accounts by an agency which does not elect to hold such property in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the state.

(g) For purposes of this section, the term "interest-bearing account" means a blocked account earning interest at no less than the maximum rate payable on the shortest time deposit in the domestic bank where the account is held, provided however, that such an account may include six-month Treasury bills or insured certificates, with a maturity not exceeding six-months, appropriate to the amounts involved.

(h) The following types of property are subject to paragraphs (a) and (b) of this section:

(1) Any currency, bank deposit and bank accounts subject to the provisions of §500.201;

(2) Any property subject to the provisions of §500.201 which consists, in whole or in part, of undisputed and either liquidated or matured debts, claims, obligations or other evidence of indebtedness, to the extent of any amount that is undisputed and liquidated or matured; and,

(3) Any proceeds resulting from the payment of an obligation under paragraph (c) of this section.

(i) For purposes of this section, the term "domestic bank" includes any FSLIC-insured institution (as defined in 12 CFR 561.1).

(j) For the purposes of this section the term "person" includes the United States Government or any agency or instrumentality thereof, except where the agency or instrumentality submits to the Office of Foreign Assets Control an opinion of its General Counsel that either:

(1) It lacks statutory authority to comply with this section, or

(2) The requirements of paragraphs (a) and (b) of this section are inconsistent with the statutory program under which it operates.

[44 FR 11766, Mar. 2, 1979]

**§ 500.206 Exemption of information and informational materials.**

(a) The importation from any country and the exportation to any country of information or informational materials as defined in §500.332, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part.

(b) All transactions of common carriers incident to the importation or exportation of information or informational materials, including mail, between the United States and any foreign country designated under §500.201, are exempt from the prohibitions and regulations of this part.

(c) This section does not authorize transactions related to information or informational materials not fully created and in existence at the date of the transaction, or to the substantive or artistic alteration or enhancement of

information or informational materials, or to the provision of marketing and business consulting services by a person subject to the jurisdiction of the United States. Such prohibited transactions include, without limitation, payment of advances for information or informational materials not yet created and completed, provision of services to market, produce or coproduce, create or assist in the creation of information or informational materials, and payment or royalties to a designated national with respect to income received for enhancements or alterations made by persons subject to the jurisdiction of the United States to information or informational materials imported from a designated national.

(d) This section does not authorize transactions incident to the exportation of restricted technical data as defined in section 799 of the Export Administration Regulations, 15 CFR parts 768-799, or to the exportation of goods for use in the transmission of any data. The exportation of such goods to designated foreign countries is prohibited, as provided in § 500.201 of this part and § 785.1 of the Export Administration Regulations.

*Example #1:* A U.S. publisher ships 500 copies of a book to Vietnam directly from San Francisco aboard a chartered aircraft, and receives payment by means of a letter of credit issued by a Vietnamese bank and confirmed by an American bank. These are permissible transactions under this section.

*Example #2:* A Vietnamese party exports a single master copy of a Vietnamese motion picture to a U.S. party and licenses the U.S. party to duplicate, distribute, show and exploit in the United States the Vietnamese film in any medium, including home video distribution, for five years, with the Vietnamese party receiving 40% of the net income. All transactions relating to the activities described in this example are authorized under this section or § 500.550.

*Example #3:* A U.S. recording company proposes to contract with a Vietnamese musician to create certain musical compositions, and to advance royalties of \$10,000 to the musician. The music written in Vietnam is to be recorded in a studio that the recording company owns in the Bahamas. These are all prohibited transactions. The U.S. party is prohibited under § 500.201 from contracting for the Vietnamese musician's services, from transferring \$10,000 to Vietnam to pay for those services, and from providing the Vietnamese with production services through the

use of its studio in the Bahamas. No informational materials are in being at the time of these proposed transactions. However, the U.S. recording company may contract to purchase and import preexisting recordings by the Vietnamese musician, or to copy the recordings in the United States and pay negotiated royalties to Vietnam under this section or § 500.550.

*Example #4:* A Vietnamese party enters into a subpublication agreement licensing a U.S. party to print and publish copies of a musical composition and to sub-license rights of public performance, adaptation, and arrangement of the musical composition, with payment to be a percentage of income received. All transactions related to the activities described in this example are authorized under this section and § 500.550, except for adaptation and arrangement, which constitute artistic enhancement of the Vietnamese composition. Payment to the Vietnamese party may not reflect income received as a result of these enhancements.

[54 FR 5231, Feb. 2, 1989, as amended at 60 FR 8934, Feb. 16, 1995]

### Subpart C—General Definitions

#### § 500.301 Foreign country.

The term *foreign country* also includes, but not by way of limitation:

(a) The state and the government of any such territory on or after the "effective date" as well as any political subdivision, agency, or instrumentality thereof or any territory, dependency, colony, protectorate, mandate, dominion possession or place subject to the jurisdiction thereof,

(b) Any other government (including any political subdivision, agency, or instrumentality thereof) to the extent and only to the extent that such government exercises or claims to exercise control, authority, jurisdiction or sovereignty over territory which on the "effective date" constituted such foreign country,

(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 for the benefit or on behalf of any of the foregoing, and

(d) Any territory which on or since the "effective date" is controlled or occupied by the military, naval or police

forces or other authority of such foreign country.

**§ 500.302 National.**

(a) The term *national* shall include:

(1) A subject or citizen of a country or any person who has been domiciled in or a permanent resident of that country at any time on or since the “effective date,” except persons who were resident or domiciled there in the service of the U.S. Government.

(2) Any partnership, association, corporation, or other organization, organized under the laws of, or which on or since the “effective date” had or has had its principal place of business in a foreign country, or which on or since such effective date was or has been controlled by, or a substantial part of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of which, was or has been owned or controlled by, directly or indirectly, a foreign country and/or one or more nationals thereof as defined in this section.

(3) Any person to the extent that such person is, or has been, since the “effective date” acting or purporting to act directly or indirectly for the benefit or on behalf of any national of a foreign country.

(4) Any other person who there is reasonable cause to believe is a “national” as defined in this section.

(b) The Secretary of the Treasury retains full power to determine that any person is or shall be deemed to be a “national” within the meaning of this section, and to specify the foreign country of which such person is or shall be deemed to be a national.

[17 FR 5343, June 12, 1952, as amended at 50 FR 27436, July 3, 1985]

**§ 500.303 Nationals of more than one foreign country.**

(a) Any person who by virtue of any provision in this chapter is a national of more than one foreign country shall be deemed to be a national of each of such foreign countries.

(b) In any case in which a person is a national of two or more designated foreign countries, a license or authorization with respect to nationals of one of such designated foreign countries shall not be deemed to apply to such person

unless a license or authorization of equal or greater scope is outstanding with respect to nationals of each other designated foreign country of which such person is a national.

(c) In any case in which the combined interests of two or more designated foreign countries and/or nationals thereof are sufficient in the aggregate to constitute control or ownership of 25 per centum or more of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of a partnership, association, corporation or other organization, but such control or a substantial part of such stock, shares, bonds, debentures, notes, drafts, or other securities or obligations is not held by any one such foreign country and/or national thereof, such partnership, association, corporation or other organization shall be deemed to be a national of each of such foreign countries.

**§ 500.305 Designated national.**

The term *designated national* shall mean any country designated in § 500.201 and any national thereof including any person who is a specially designated national.

**§ 500.306 Specially designated national.**

(a) The term *specially designated national* shall mean:

(1) Any person who is determined by the Secretary of the Treasury to be a specially designated national,

(2) Any person who on or since the “effective date” has acted for or on behalf of the Government or authorities exercising control over any designated foreign country, or

(3) Any partnership, association, corporation or other organization which on or since the “effective date” has been owned or controlled directly or indirectly by the Government or authorities exercising control over any designated foreign country or by any specially designated national.

(b) [Reserved]

NOTE TO § 500.306: Please refer to the appendices at the end of this chapter for listings of persons designated pursuant to this part. Section 501.807 of this chapter sets forth the procedures to be followed by persons seeking

### § 500.307

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.

[15 FR 9040, Dec. 19, 1950, as amended at 41 FR 16554, Apr. 20, 1976; 61 FR 32938, June 26, 1996; 62 FR 45101, Aug. 25, 1997]

#### § 500.307 Unblocked national.

Any person licensed pursuant to § 500.505 as an *unblocked national* shall, while so licensed, be regarded as a person within the United States who is not a national of any designated foreign country: *Provided, however*, That the licensing of any person as an “unblocked national” shall not be deemed to suspend in any way the requirements of any section of this chapter relating to reports, and the production of books, documents, records, etc.

[15 FR 9040, Dec. 19, 1950, as amended at 54 FR 5231, Feb. 2, 1989]

#### § 500.308 Person.

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

#### § 500.309 Transactions.

The phrase *transactions which involve property in which any designated foreign country, or any national thereof, has any interest of any nature whatsoever, direct or indirect*, includes, but not by way of limitation:

(a) Any payment or transfer to any such designated foreign country or national thereof,

(b) Any export or withdrawal from the United States to such designated foreign country, and

(c) Any transfer of credit, or payment of an obligation, expressed in terms of the currency of such designated foreign country.

#### § 500.310 Transfer.

The term *transfer* shall mean 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, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with

### 31 CFR Ch. V (7–1–02 Edition)

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 other fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, 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 decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

#### § 500.311 Property; property interests.

Except as defined in § 500.203(f) for the purposes of that section the terms *property* and *property interest* or *property interests* shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, any debts, indebtedness obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, bankers' acceptances, mortgages, pledges, liens or other right in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, 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, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, services, and any other property,

real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future, or contingent.

[15 FR 9040, Dec. 19, 1950, as amended at 55 FR 31179, Aug. 1, 1990]

**§ 500.312 Interest.**

The term *interest* when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

**§ 500.313 Property subject to the jurisdiction of the United States.**

(a) The phrase *property subject to the jurisdiction of the United States* includes, without limitation, securities, whether registered or bearer, issued by:

(1) The United States or any State, district, territory, possession, county, municipality, or any other subdivision or agency or instrumentality of any thereof; or

(2) Any person within the United States whether the certificate which evidences such property or interest is physically located within or outside the United States.

(b) The phrase *property subject to the jurisdiction of the United States* also includes, without limitation, securities, whether registered or bearer, by whomsoever issued, if the certificate evidencing such property or interest is physically located within the United States.

**§ 500.314 Banking institution.**

The term *banking institution* shall include any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or any broker; and, each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate "banking institution."

**§ 500.316 License.**

Except as otherwise specified, the term *license* shall mean any license or

authorization contained in or issued pursuant to this chapter.

[28 FR 6973, July 9, 1963]

**§ 500.317 General license.**

A *general license* is any license or authorization the terms of which are set forth in this chapter.

**§ 500.318 Specific license.**

A *specific license* is any license or authorization issued pursuant to this chapter but not set forth in this chapter.

**§ 500.319 Blocked account.**

The term *blocked account* shall mean an account in which any designated national has an interest, with respect to which account payments, transfers or withdrawals of other dealings may not be made or effected except pursuant to an authorization or license authorizing such action. The term *blocked account* shall not be deemed to include accounts of unblocked nationals.

**§ 500.320 Domestic bank.**

The term *domestic bank* shall mean any branch or office within the United States of any of the following which is not a national of any designated foreign country: Any bank or trust company incorporated under the banking laws of the United States or of any State, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States, or of any state, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a "domestic bank" for the purpose of this definition or for the purpose of any or all sections of this chapter.

**§ 500.321 United States; continental United States.**

The term *United States* means the United States and all areas under the jurisdiction or authority thereof, including U.S. trust territories and commonwealths. The term *continental United States* means the states of the

## § 500.322

United States and the District of Columbia.

[50 FR 27436, July 3, 1985]

### § 500.322 Authorized trade territory; member of the authorized trade territory.

(a) The term *authorized trade territory* shall include:

(1) North, South and Central America, including the Caribbean region, except Cuba;

(2) Africa;

(3) Australia and Oceania, including Indonesia, New Zealand, and the Philippines;

(4) Andorra, Austria, Belgium, Cyprus, Denmark, Ireland, the Federal Republic of Germany and the Western Sector of Berlin, Finland, France (including Monaco), Greece, Iceland, Italy, Liechtenstein, Luxembourg, Malta, the Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, Turkey, the United Kingdom, Vatican City, and Yugoslavia.

(5) Afghanistan, Bangladesh, Bhutan, Burma, Hong Kong, India, Iran, Iraq, Israel, Japan, Jordan, Kuwait, Laos, Lebanon, Macao, Malaysia, Nepal, Oman, Pakistan, Qatar, Saudi Arabia, Singapore, South Korea, Sri Lanka (Ceylon), Syrian Arab Republic, Taiwan, Thailand, United Arab Emirates, and Yemen.

(6) Any colony, territory, possession, or protectorate of any country included within this paragraph; but the term shall not include the United States.

(b) The term *member of the authorized trade territory* shall mean any of the foreign countries or political subdivisions comprising the authorized trade territory.

(50 U.S.C. App. 5(b); E.O. 9193, 3 CFR 1943 Cum. Supp.; Treas. Dept. Order No. 128, 32 FR 3472)

[40 FR 19202, May 2, 1975, as amended at 41 FR 16554, Apr. 20, 1976; 42 FR 27199, May 27, 1977; 54 FR 5231, Feb. 2, 1989]

### § 500.323 Occupied area.

The term *occupied area* shall mean any territory occupied by a designated foreign country which was not occupied by such country prior to June 25, 1950.

## 31 CFR Ch. V (7-1-02 Edition)

### § 500.325 National securities exchange.

The term *national securities exchange* shall mean an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (48 Stat. 885, 15 U.S.C. 78f).

### § 500.326 Custody of safe deposit boxes.

Safe deposit boxes shall be deemed to be in the *custody* not only of all persons having access thereto but also of the lessors of such boxes whether or not such lessors have access to such boxes. The foregoing shall not in any way be regarded as a limitation upon the meaning of the term *custody*.

### § 500.327 Blocked estate of a decedent.

The term *blocked estate of a decedent* shall mean any decedent's estate in which a designated national has an interest. A person shall be deemed to have an interest in a decedent's estate if he:

(a) Was the decedent;

(b) Is a personal representative; or

(c) Is a creditor, heir, legatee, devisee, distributee, or beneficiary.

### § 500.328 Status of those portions of Korea under control of the government of the Republic of Korea; and of the diplomatic and consular representatives of those countries.

(a) Those portions of Korea which are under the control of the government of the Republic of Korea are not included within the term designated foreign country.

(b) The diplomatic and consular representatives of the Republic of Korea are not deemed to be acting or purporting to act directly or indirectly for the benefit or on the behalf of any designated foreign country.

[41 FR 16554, Apr. 20, 1976, as amended at 45 FR 7224, Jan. 31, 1980]

### § 500.329 Person subject to the jurisdiction of the United States.

The term, *person subject to the jurisdiction of the United States*, includes:

(a) Any individual, wherever located, who is a citizen or resident of the United States;

(b) Any person within the United States as defined in § 500.330;



(c) Any corporation organized under the laws of the United States or of any state, territory, possession, or district of the United States; and

(d) Any corporation, partnership, or association, wherever organized or doing business, that is owned or controlled by persons specified in paragraph (a) or (c) of this section.

[50 FR 27436, July 3, 1985]

**§ 500.330 Person within the United States.**

(a) The term, *person within the United States*, includes:

(1) Any person, wheresoever located, who is a resident of the United States;

(2) Any person actually within the United States;

(3) Any corporation organized under the laws of the United States or of any state, territory, possession, or district of the United States; and

(4) Any partnership, association, corporation, or other organization, wheresoever organized or doing business, which is owned or controlled by any person or persons specified in paragraph (a) (1), (2), or (3) of this section.

(b) [Reserved]

[20 FR 1379, Mar. 8, 1955]

**§ 500.331 Merchandise.**

The term *merchandise* means all goods, wares and chattels of every description without limitation of any kind.

[24 FR 1984, Mar. 18, 1959]

**§ 500.332 Information and informational materials.**

(a) For purposes of this part, the term *informational materials* includes, without limitation:

(1) Publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

(2) To be considered informational materials, artworks must be classified under chapter subheading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The terms *information* and *informational materials* with respect to U.S. exports do not include items:

(1) That would be controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420 (1979) (the "EAA"), or section 6 of the EAA to the extent that such controls promote the nonproliferation or antiterrorism policies of the United States, including "software" that is not "publicly available" as these terms are defined in 15 CFR parts 779 and 799.1 (1994); or

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

[60 FR 8934, Feb. 16, 1995]

**Subpart D—Interpretations**

**§ 500.401 Reference to amended sections.**

Reference to any section of this chapter or to any regulation, ruling, order, instruction, direction or license issued pursuant to this chapter shall be deemed to refer to the same as currently amended unless otherwise so specified.

**§ 500.402 Effect of amendment of sections of this chapter or of other orders, etc.**

Any amendment, modification, or revocation of any section of this chapter or of any order, regulation, ruling, instruction, or license issued by or under the direction of the Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, shall not unless otherwise specifically provided be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case, prior to such amendment, modification, or revocation, and all penalties, forfeitures, and liabilities under any such section, order, regulation, ruling, instruction or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

**§ 500.403 Termination and acquisition of the interest of a designated national.**

(a) Except as provided in § 500.525, whenever a transaction licensed or authorized by or pursuant to this chapter results in the transfer of property (including any property interest) away

#### § 500.404

from a designated national, such property shall no longer be deemed to be property in which a designated national has or has had an interest unless there exists in such property an interest of a designated national, the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization contained in or issued pursuant to this chapter, if property (including any property interest) is transferred to a designated national such property shall be deemed to be property in which there exists the interest of a designated national.

#### § 500.404 Transactions between principal and agent.

A transaction between any person within the United States and any principal, agent, home office, branch, or correspondent, outside the United States of such person is a transaction prohibited by § 500.201 to the same extent as if the parties to the transaction were in no way affiliated or associated with each other.

#### § 500.405 Exportation of securities, etc. to designated foreign countries.

Section 500.201 prohibits the exportation of securities, currency, checks, drafts and promissory notes to designated foreign countries.

#### § 500.406 Drafts under irrevocable letters of credit; documentary drafts.

Section 500.201 prohibits the presentation, acceptance or payment of:

(a) Drafts or other orders for payment drawn under irrevocable letters of credit issued in favor or on behalf of any designated national;

(b) Drafts or other orders for payment, in which any designated national has on or since the "effective date" had any interest, drawn under any irrevocable letter of credit; and

(c) Documentary drafts in which any designated national has on or since the "effective date" had any interest.

#### § 500.407 Administration of blocked estates of decedents.

Section 500.201 prohibits all transactions incident to the administration of the blocked estate of a decedent, in-

#### 31 CFR Ch. V (7-1-02 Edition)

cluding the appointment and qualification of personal representatives, the collection and liquidation of assets, the payment of claims, and distribution to beneficiaries. Attention is directed to § 500.523 which authorizes certain transactions in connection with the administration of blocked estates of decedents and § 500.568 which authorizes the unblocking by specific license of estate assets to certain heirs under certain circumstances.

[15 FR 9040, Dec. 19, 1950, as amended at 54 FR 5231, Feb. 2, 1989]

#### § 500.408 Access to certain safe deposit boxes prohibited.

Section 500.201 prohibits access to any safe deposit box within the United States in the custody of any designated national or containing any property in which any designated national has any interest or which there is reasonable cause to believe contains property in which any such designated national has any interest. Attention is directed to § 500.517 which authorizes access to such safe deposit boxes under certain conditions.

#### § 500.409 Certain payments to designated foreign countries and nationals through third countries.

Section 500.201 prohibits any request or authorization made by or on behalf of a bank or other person within the United States to a bank or other person outside of the United States as a result of which request or authorization such latter bank or person makes a payment or transfer of credit either directly or indirectly to a designated national.

[18 FR 2080, Apr. 14, 1953]

#### § 500.410 Currency, coins, and postage and other stamps.

Currency, coins, and postage and other stamps issued by North Korea, North Viet-Nam, Cambodia, or South Viet-Nam are merchandise of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin subject to § 500.204(a)(1).

[41 FR 16554, Apr. 20, 1976]

**§ 500.411 Dealings abroad in commodities subject to the Regulations.**

Section 500.204 prohibits the unlicensed importation into the United States of commodities of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin. It also prohibits, unless licensed, persons subject to the jurisdiction of the United States from purchasing, transporting or otherwise dealing with such commodities which are outside the United States.

[41 FR 16554, Apr. 20, 1976]

**§ 500.412 Process vs. manufacture.**

A commodity subject to § 500.204 remains subject howsoever it has been processed. It should not be assumed that a commodity which has undergone operations other than those listed in § 500.204(a)(1), has become a manufactured form of the commodity rather than a processed form thereof. In case of question, a ruling should be requested from the Office of Foreign Assets Control. Requests for rulings in the form of license applications or otherwise should include adequate technical detail. It should be noted that it is quite possible for merchandise to have North Korea, North Viet-Nam, Cambodia, or South Viet-Nam as its "country of origin" for Foreign Assets Control purposes while having some other country as its "country of origin" for marking or statistical purposes.

[41 FR 16554, Apr. 20, 1976]

**§ 500.413 Participation in certain development projects in Vietnam.**

The following examples illustrate the scope of the authorization in § 500.576 for dealings in property in which Vietnam or a Vietnamese national has an interest with respect to development projects in Vietnam formally proposed or approved for execution, funding or sponsorship by a qualified international institution listed in appendix A to this part ("Qualified Projects").

*Example # 1:* The Government of Vietnam ("Vietnam") approaches a U.S. financial consulting firm (the "U.S. Consulting Firm") for advice on building cement plants in Hanoi and Ho Chi Minh City. The project might be eligible for funding by the Asian Development Bank (the "ADB"), and Viet-

nam wants the U.S. Consulting Firm's assistance in conducting a feasibility study for submission to the ADB. Since the project has not yet been formally proposed or approved for funding by the ADB, no involvement of the U.S. Consulting Firm is authorized pursuant to § 500.576. However, had the ADB formally proposed the project in its monthly *ADB Business Opportunities* as a project being considered for funding, or had it funded the feasibility study, § 500.576 would authorize the U.S. Consulting Firm's transactions.

*Example # 2:* Upon ADB approval of funding for the cement plant project, a U.S. company (the "U.S. Company") forms a joint venture with a Vietnamese company to bid on construction of the cement plants in Hanoi and Ho Chi Minh City. The joint venture's bid is successful, and it purchases construction equipment from the United States, financed by a U.S. bank and insured by a U.S. company. Several items are sourced from the United States during construction, including cement equipment, which is covered by a ten-year service and maintenance agreement. The joint venture agreement calls for the continued management and operation of the plants by the U.S. Company after completion, and for the insurance of the plants by a U.S. insurance company. Each of these transactions with respect to the Qualified Project is authorized by § 500.576.

*Example # 3:* The International Finance Corporation ("IFC") offers equity investment in a Vietnamese company to finance environmental safeguards for drilling operations in offshore oil fields. Various U.S. investors, including venture capital companies, brokerage firms, and investment banks contribute capital and receive shares in the Vietnamese company. This equity investment in a Qualified Project is authorized by § 500.576. The U.S. companies purchasing these shares as part of the IFC-sponsored development project may hold or resell them, including resale to other persons subject to U.S. jurisdiction. Shares acquired by entities not subject to U.S. jurisdiction may not then be purchased or repurchased by a person subject to U.S. jurisdiction.

*Example # 4:* (a) An Indonesian company (the "Contractor") is a successful bidder on a Qualified Project, and hires a U.S. law firm to represent it in contract negotiations with Vietnam to build a fish processing and canning facility in Vietnam funded by the World Bank. The law firm may represent the Contractor throughout the course of the project pursuant to § 500.576, once the project has been formally proposed or approved for funding by the World Bank.

(b) Once the Qualified Project is underway, the Contractor purchases equipment manufactured in France by a French company. The long-term servicing of the equipment, however, will

**§ 500.502**

be provided by the French company's U.S. subsidiary. The service transactions are authorized pursuant to § 500.576.

(c) After the processing facility is completed, Vietnam hires a U.S. marketing firm to develop marketing strategies for the product worldwide. It further asks the marketing firm to execute the strategies it devises and to represent the product in South-East Asia, including the domestic market in Vietnam. The marketing firm in turn would hire the brokerage services of a U.S. citizen domiciled in Thailand for the sale of the product to that country. These transactions are outside the scope of § 500.576, and violate § 500.201, because they are not directly incident to the Qualified Project funded by the World Bank.

[58 FR 68530, Dec. 28, 1993]

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

**§ 500.502 Effect of subsequent license or authorization.**

No license or other authorization contained in this chapter or otherwise issued by or under the direction of the Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, shall be deemed to authorize or validate any transaction effected prior to the issuance thereof, unless such license or other authorization specifically so provides.

**§ 500.503 Exclusion from licenses and authorizations.**

The Secretary of the Treasury reserves the right to exclude from the operation of any license or from the privilege therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof.

**31 CFR Ch. V (7-1-02 Edition)**

**§ 500.504 Certain judicial proceedings with respect to property of designated nationals.**

(a) Subject to the limitations of paragraphs (b), (c) and (d) of this section judicial proceedings are authorized with respect to property in which on or since the "effective date" there has existed the interest of a designated national.

(b) A judicial proceeding is authorized by this section only if it is based upon a cause of action which accrued prior to the "effective date."

(c) This section does not authorize or license:

(1) The entry of any judgment or of any decree or order of similar or analogous effect upon any judgment book, minute book, journal or otherwise, or the docketing of any judgment in any docket book, or the filing of any judgment roll or the taking of any other similar or analogous action.

(2) Any payment or delivery out of a blocked account based upon a judicial proceeding nor does it authorize the enforcement or carrying out of any judgment or decree or order of similar or analogous effect with regard to any property in which a designated national has an interest.

(d) If a judicial proceeding relates to property in which there exists the interest of any designated national other than a person who would not have been a designated national except for his relationship to an occupied area, such proceeding is authorized only if it is based upon a claim in which no person other than any of the following has had an interest since the "effective date":

(1) A citizen of the United States;

(2) A corporation organized under the laws of the United States or any State, territory or possession thereof, or the District of Columbia;

(3) A natural person who is and has been since the "effective date" a resident of the United States and who has not been a specially designated national;

(4) A legal representative (whether or not appointed by a court of the United States) or successor in interest by inheritance, devise, bequest, or operation

of law, who falls within any of the categories specified in paragraphs (d) (1), (2) and (3) of this section but only to the same extent that their principals or predecessors would be qualified by such paragraph.

**§ 500.505 Certain persons unblocked.**

(a) The following persons are hereby licensed as unblocked nationals:

(1) Any person resident in, or organized under the laws of a jurisdiction in, the United States or the authorized trade territory who or which has never been a designated national;

(2) Any individual resident in the United States who is not a specially designated national; and

(3) Any corporation, partnership or association that would be a designated national solely because of the interest therein of an individual licensed in paragraph (a) or (b) of this section as an unblocked national.

(b) Individual nationals of a designated country who take up residence in the authorized trade territory may apply to the Office of Foreign Assets Control to be specifically licensed as unblocked nationals.

(c) The licensing of any person as an unblocked national shall not suspend the requirements of any section of this chapter relating to the maintenance or production of records.

[50 FR 27436, July 3, 1985, as amended at 54 FR 5232, Feb. 2, 1989]

**§§ 500.506–500.507 [Reserved]**

**§ 500.508 Payments to blocked accounts in domestic banks.**

(a) Any payment or transfer of credit to a blocked account in a domestic bank in the name of any designated national is hereby authorized providing such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of the interest of a designated national to any other country or person.

(b) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of the designated national who is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(c) 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.

(d) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, or the income derived from such securities, 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 are held.

(e) This section does not authorize any payment or transfer from a blocked account in a domestic bank to a blocked account in another domestic bank held under any name or designation which differs from the name or designation of the specific blocked account or sub-account from which the payment or transfer is made.

NOTE TO § 500.508: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[40 FR 7649, Feb. 21, 1975, as amended at 58 FR 47644, Sept. 10, 1993; 62 FR 45101, Aug. 25, 1997]

**§ 500.509 Entries in certain accounts for normal service charges.**

(a) Any banking institution within the United States is hereby authorized to:

(1) Debit any blocked account with such banking institution (or with another office within the United States of such banking institution) in payment or reimbursement for normal service charges owed to such banking institution by the owner of such blocked account.

(2) Make book entries against any foreign currency account maintained by it with a banking institution in any designated foreign country for the purpose of responding to debits to such account for normal service charges in connection therewith.

(b) As used in this section, the term *normal service charge* shall include

**§ 500.510**

charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, account carrying charges, notary and protest fees, and charges for reference books, photo-stats, credit reports, transcripts of statements, registered mail insurance, stationery and supplies, check books, and other similar items.

**§ 500.510 Payments to the United States, States and political subdivisions.**

(a) The payment from any blocked account to the United States or any agency or instrumentality thereof or to any State, territory, district, county, municipality or other political subdivision in the United States, of customs duties, taxes, and fees payable thereto by the owner of such blocked account is hereby authorized.

(b) This section also authorizes transactions incident to the payment of customs duties, taxes, and fees from blocked accounts, such as the levying of assessment, the creation and enforcement of liens, and the sale of blocked property in satisfaction of liens for customs duties, taxes, and fees.

**§ 500.511 Transactions by certain business enterprises.**

(a) Except as provided in paragraphs (b), (c) and (d) of this section any partnership, association, corporation or other organization which on the "effective date" was actually engaged in a commercial, banking or financial business within the United States and which is a national of any designated foreign country, is hereby authorized to engage in all transactions ordinarily incidental to the normal conduct of its business activities within the United States.

(b) This section does not authorize any transaction which would require a license if such organization were not a national of any designated foreign country.

(c) This section does not authorize any transaction by a specially designated national.

**31 CFR Ch. V (7-1-02 Edition)**

(d) Any organization engaging in business pursuant to this section shall not engage in any transaction, pursuant to this section or any other license or authorization contained in this chapter, which, directly or indirectly, substantially diminishes or imperils the assets of such organization or otherwise prejudicially affects the financial position of such organization.

(e) No dealings with regard to any account shall be evidence that any person having an interest therein is actually engaged in commercial, banking or financial business within the United States.

**§ 500.513 Purchase and sale of certain securities.**

(a) The bona fide purchase and sale of securities on a national securities exchange by banking institutions within the United States for the account, and pursuant to the authorization, of nationals of any designated foreign country and the making and receipt of payments, transfers of credit, and transfers of such securities which are necessary incidents of any such purchase or sale are hereby authorized provided the following terms and conditions are complied with:

(1) In the case of the purchase of securities, the securities purchased shall be held in an account in a banking institution within the United States in the name of the national whose account was debited to purchase such securities; and

(2) In the case of the sale of securities, the proceeds of the sale shall be credited to an account in the name of the national for whose account the sale was made and in the banking institution within the United States which held the securities of such national.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(c) Securities issued or guaranteed by the Government of the United States

or any State, territory, district, county, municipality, or other political subdivision thereof (including agencies and instrumentalities of the foregoing) need not be purchased or sold on a national securities exchange, but purchases or sales of such securities shall be made at market value and pursuant to all other terms and conditions prescribed in this section.

**§ 500.514 Payment of dividends and interest on and redemption and collection of securities.**

(a) The payment to, and receipt by, a banking institution within the United States of funds or other property representing dividends or interest on securities held by such banking institution in a blocked account is hereby authorized provided the funds or other property are credited to or deposited in a blocked account in such banking institution in the name of the national for whose account the securities were held. Notwithstanding § 500.202, this paragraph authorizes the foregoing transactions although such securities are registered or inscribed in the name of any designated national and although the national in whose name the securities are registered or inscribed may not be the owner of such blocked account.

(b) The payment to, and receipt by, a banking institution within the United States of funds payable in respect of securities (including coupons) presented by such banking institution to the proper paying agents within the United States for redemption or collection for the account and pursuant to the authorization of nationals of any designated country is hereby authorized provided the proceeds of the redemption or collection are credited to a blocked account in such banking institution in the name of the national for whose account the redemption or collection was made.

(c) The performance of such other acts, and the effecting of such other transactions, as may be necessarily incident to any of the foregoing, are also hereby authorized.

(d) This section does not authorize the crediting of the proceeds of the redemption or collection of securities (including coupons) held a blocked account or a subaccount thereof, or the

income derived from such securities to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(e) This section does not authorize any issuer or other obligor, with respect to a security, who is a designated national, to make any payment, transfer or withdrawal.

**§ 500.515 Transfers of securities to blocked accounts in domestic banks.**

(a) Transactions ordinarily incident to the transfer of securities from a blocked account in the name of any person to a blocked account in the same name in a domestic bank are hereby authorized provided such securities shall not be transferred from any blocked account if such transfer represents, directly or indirectly, a transfer of the interest of a designated national to any other country or person.

(b) This section does not authorize the transfer of securities held in a blocked account or subaccount thereof to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

[32 FR 10846, July 25, 1967]

**§ 500.516 Voting and soliciting of proxies on securities.**

Notwithstanding § 500.202, the voting and the soliciting of proxies or other authorizations is authorized with respect to the voting of securities issued by a corporation organized under the laws of the United States or of any State, territory, or district thereof, in which a designated national has any interest.

**§ 500.517 Access to safe deposit boxes under certain conditions.**

(a) Access to any safe deposit box leased to a designated national or containing property in which any designated national has an interest, and the deposit therein or removal therefrom of any property is hereby authorized, provided the following terms and conditions are complied with:

**§ 500.518**

(1) Access shall be permitted only in the presence of an authorized representative of the lessor of such box; and

(2) In the event that any property in which any designated national has any interest is to be removed from such box, access shall be permitted only in the presence of an authorized representative of a banking institution within the United States, which may be the lessor of such box, which shall receive such property into its custody immediately upon removal from such box and which shall hold the same in a blocked account under an appropriate designation indicating the interest therein of designated nationals.

(b) The terms and conditions set forth in paragraph (a) of this section shall not apply to access granted to a representative of the Office of Alien Property pursuant to any rule, regulation or order of such Office.

(c) The lessee or other person granted access to any safe deposit box pursuant to this section (except an agent or representative of the Office of Alien Property) shall furnish to the lessor a certificate in triplicate that he has filed or will promptly file a report with respect to such box, if leased to a designated national, and with respect to all property contained in the box to which access is had in which any designated national has an interest. The lessor shall transmit two copies of such certificate to the Treasury Department, Washington, D.C. The certificate is required only on the first access to the box. In case a report on Form TFR-603 was not made, a report is hereby required to be filed. All reports made pursuant to this section shall bear on their face or have securely attached to them a statement reading, "this report is filed pursuant to 31 CFR 500.517".

[15 FR 9040, Dec. 19, 1950, as amended at 35 FR 4045, Mar. 4, 1970]

**§ 500.518 Payments for living, traveling, and similar personal expenses in the United States.**

(a) Payments and transfers of credit in the United States from blocked accounts in domestic banking institutions held in the name of an individual within the United States to or upon the order of such individual are hereby au-

**31 CFR Ch. V (7-1-02 Edition)**

thorized provided the following terms and conditions are complied with:

(1) Such payments and transfers of credit may be made only for the living, traveling, and similar personal expenses in the United States of such individual or his family; and

(2) The total of all such payments and transfers of credit made under this section from the accounts of such individual may not exceed \$250 in any one calendar month.

(b) This section does not authorize any payment or transfer from an account in which a specially designated national has an interest.

[28 FR 6973, July 9, 1963]

**§ 500.519 Limited payments from accounts of United States citizens abroad.**

(a) Payments and transfers of credit from blocked accounts for expenditures within the United States or the authorized trade territory of any citizen of the United States who is within any foreign country are hereby authorized provided the following terms and conditions are complied with:

(1) Such payments and transfers shall be made only from blocked accounts in the name of, or in which the beneficial interest is held by, such citizen or his family; and

(2) The total of all such payments and transfers made under this section shall not exceed \$1,000 in any one calendar month for any such citizen or his family.

(b) This section does not authorize any remittance to any designated foreign country or, any payment, transfer, or withdrawal which could not be effected without a license by a person within the United States who is not a national of any designated foreign country.

**§ 500.520 Payments from accounts of United States citizens in employ of United States in foreign countries and certain other persons.**

(a) Banking institutions within the United States are hereby authorized to make all payments, transfers and withdrawals from accounts in the name of citizens of the United States while such citizens are within any foreign



country in the course of their employment by the Government of the United States.

(b) Banking institutions within the United States are also hereby authorized to make all payments, transfers and withdrawals from accounts in the name of members of the armed forces of the United States and of citizens of the United States accompanying such armed forces in the course of their employment by any organization acting on behalf of the Government of the United States while such persons are within any foreign country.

(c) This section is deemed to apply to the accounts of members of the armed forces of the United States and of citizens of the United States accompanying such armed forces in the course of their employment by the Government of the United States or by any organization acting on its behalf even though they are captured or reported missing.

**§ 500.521 Certain remittances for necessary living expenses.**

(a) Remittances by any person to any individual who is a resident of a foreign country and is within that foreign country are hereby authorized on the following terms and conditions:

(1) Such remittances are made only for the necessary living expenses of the payee and his household and do not exceed \$100 in any one calendar month to any one household;

(2) Such remittances are not made from a blocked account other than from an account in a banking institution within the United States in the name of, or in which the beneficial interest is held by, the payee or members of his household;

(3) Such remittances are not made from a blocked account which is blocked pursuant to Executive order 8389, as amended;

(4) If the payee is within any designated foreign country, such remittances must be made through a domestic bank and any domestic bank is authorized to effect such remittances which, however, may be effected only by the payment of the dollar amount of the remittance to a domestic bank for credit to a blocked account in the

name of a banking institution within such country.

(b) This section does not authorize any remittance to, or for the benefit of, a specially designated national who is not within a designated foreign country.

(c) This section does not authorize any remittance to an individual for the purpose of defraying the expenses of a person not constituting part of his household.

(d) As used in this section, the term *household* shall mean:

(1) Those individuals sharing a common dwelling as a family; or

(2) Any individual not sharing a common dwelling with others as a family.

[28 FR 6974, July 9, 1963]

**§ 500.522 Certain remittances to United States citizens in foreign countries.**

(a) Remittances by any person through any domestic bank to any individual who is a citizen of the United States within any foreign country are hereby authorized and any domestic bank is authorized to effect such remittances, on the following terms and conditions:

(1) Such remittances do not exceed \$1,000 in any one calendar month to any payee and his household and are made only for the necessary living and traveling expenses of the payee and his household, except that an additional sum not exceeding \$1,000 may be remitted once to such payee if such sum will be used for the purpose of enabling the payee or his household to return to the United States;

(2) Such remittances are not made from a blocked account other than from an account in a banking institution within the United States in the name of, or in which the beneficial interest is held by, the payee or members of his household;

(3) If the payee is within any designated foreign country, such remittances must be made through a domestic bank and must be effected by the payment of the dollar amount of remittance to a domestic bank for credit to a blocked account in the name of a banking institution within such country.

**§ 500.523**

(b) This section does not authorize any remittance to an individual for the purpose of defraying the expenses of a person not constituting part of his household.

(c) As used in this section, the term *household* shall mean:

(1) Those individuals sharing a common dwelling as a family; or

(2) Any individual not sharing a common dwelling with others as a family.

**§ 500.523 Transactions incident to the administration of decedents' estates.**

(a) The following transactions are authorized in connection with the administration of the assets in the United States of any blocked estate of a decedent:

(1) The appointment and qualification of a personal representative;

(2) The collection and preservation of such assets by such personal representative and the payment of all costs, fees and charges in connection therewith; and

(3) The payment by such personal representative of funeral expenses and expenses of the last illness.

(4) Any transfer of title pursuant to a valid testamentary disposition.

This paragraph does not authorize any unblocking or distribution of estate assets to a designated national.

(b) In addition to the authorization contained in paragraph (a) of this section, all other transactions incident to the administration of assets situated in the United States of any blocked estate of a decedent are authorized if:

(1) The decedent was not a national of a designated foreign country at the time of his death;

(2) The decedent was a citizen of the United States and a national of a designated foreign country at the time of his death solely by reason of his presence in a designated foreign country as a result of his employment by, or service with the United States Government; or

(3) The assets are unblocked under a specific license issued pursuant to § 500.568.

(c) Any property or interest therein distributed pursuant to this section to a designated national shall be regarded for the purpose of this chapter as prop-

erty in which such national has an interest and shall accordingly be subject to all the pertinent sections of this chapter. Any payment or distribution of any funds, securities or other choses in action to a designated national shall be made by deposit in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by a court having jurisdiction of the estate. Any such deposit shall be made in one of the following ways:

(1) In the name of the national who is the ultimate beneficiary thereof;

(2) In the name of a person who is not a national of a designated foreign country in trust for the national who is the ultimate beneficiary; or

(3) Under some other designation which clearly shows the interest therein of such national.

(d) Any distribution of property authorized pursuant to this section may be made to a trustee of any testamentary trust or to the guardian of an estate of a minor or of an incompetent.

(e) This section does not authorize:

(1) Any designated national to act as personal representative or co-representative of any estate;

(2) Any designated national to represent, directly or indirectly, any person who has an interest in an estate;

(3) Any designated national to take distribution of any property as the trustee of any testamentary trust or as the guardian of an estate of a minor or of an incompetent; or

(4) Any transaction which could not be effected if no designated national had any interest in such estate.

(f) Any payment or distribution authorized by this section may be deposited in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by the court having jurisdiction of the estate in one of the ways prescribed in paragraphs (c) (1), (2) or (3) of this section, but this section does not authorize any other transaction directly or indirectly at the request, or upon the instructions of any designated national.

[15 FR 9040, Dec. 19, 1950, as amended at 54 FR 5232, Feb. 2, 1989]

**§ 500.524 Payment from, and transactions in the administration of certain trusts and estates.**

(a) Any bank or trust company incorporated under the laws of the United States, or of any State, territory, possession, or district of the United States, or any private bank subject to supervision and examination under the banking laws of any State of the United States, acting as trustee of a trust created by gift, donation or bequest and administered in the United States, or as legal representative of an estate of an infant or incompetent administered in the United States, in which trust or estate one or more persons who are designated nationals have an interest, beneficial or otherwise, or are co-trustees or co-representatives, is hereby authorized to engage in the following transactions:

(1) Payments of distributive shares of principal or income to all persons legally entitled thereto upon the condition prescribed in paragraph (b) of this section.

(2) Other transactions arising in the administration of such trust or estate which might be engaged in if no national of a designated foreign country were a beneficiary, co-trustee or co-representative of such trust or estate upon the condition prescribed in paragraph (b) of this section.

(b) Any payment or distribution of any funds, securities or other choses in action to a national of a designated foreign country under this section shall be made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof.

(c) Any payment or distribution into a blocked account in a domestic bank in the name of any such national of a designated foreign country who is the ultimate beneficiary of and legally entitled to any such payment or distribution is authorized by this section, but this section does not authorize such trustee or legal representative to engage in any other transaction at the request, or upon the instructions, of any beneficiary, co-trustee or co-representative of such trust or estate or other person who is a national of any designated foreign country.

(d) The application of this section to trusts is limited to trusts established by gift, donation, or bequest from individuals or entities to benefit specific heirs, charitable causes, and similar beneficiaries. This section does not apply to trusts established for business or commercial purposes, such as sinking funds established by an insurer of securities in order to secure payment of interest or principal due on such securities.

[15 FR 9040, Dec. 19, 1950, as amended at 54 FR 5232, Feb. 2, 1989]

**§ 500.525 Certain transfers by operation of law.**

(a) The following transfers by operation of law are hereby authorized:

(1) Any transfer of any dower, curtesy, community property, or other interest of any nature whatsoever provided that such transfer arises solely as a consequence of the existence or change of marital status;

(2) Any transfer to any person by intestate succession.

(3) Any transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition; and

(4) Any transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testamentary disposition or intestate succession.

(b) Except to the extent authorized by § 500.523, § 500.568 or by any other license or authorization contained in or issued pursuant to this chapter no transfer to any person by intestate succession and no transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition, and no transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testamentary disposition or intestate succession shall be deemed to terminate the interest of the decedent in the property transferred if the decedent was a designated national.

(c) This section does not authorize any dealings in property by any person.

[25 FR 1910, Mar. 4, 1960, as amended at 54 FR 5232, Feb. 2, 1989]

**§ 500.526 Transactions involving blocked life insurance policies.**

(a) The following transactions are hereby authorized:

(1) The payment of premiums and interest on policy loans with respect to any blocked life insurance policy;

(2) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest is that of one or more of the following:

(i) A member of the armed forces of the United States or a person accompanying such forces (including personnel of the American Red Cross, and similar organizations);

(ii) An officer or employee of the United States; or

(iii) A citizen of the United States resident in a designated foreign country; and

(3) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest (other than that of a person specified in paragraph (a) (2) of this section) is that of a beneficiary.

(b) Paragraph (a) of this section does not authorize:

(1) Any payment to the insurer from any blocked account except a blocked account of the insured or beneficiary, or

(2) Any payment by the insurer to a national of a designated foreign country unless payment is made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof.

(c) The application, in accordance with the provisions of the policy or the established practice of the insurer, of the dividends, cash surrender value, or loan value, of any blocked life insurance policy is also hereby authorized for the purposes of:

(1) Paying premiums;

(2) Paying policy loans and interest thereon;

(3) Establishing paid-up insurance; or

(4) Accumulating such dividends or values to the credit of the policy on the books of the insurer.

(d) As used in this section:

(1) The term *blocked life insurance policy* shall mean any life insurance policy or annuity contract, or contract supplementary thereto, in which there is a blocked interest.

(2) Any interest of a national of a designated foreign country shall be deemed to be a “blocked interest.”

(3) The term *servicing* shall mean the following transactions with respect to any blocked life insurance policy:

(i) The payment of premiums, the payment of loan interest, and the repayment of policy loans;

(ii) The effecting by a life insurance company or other insurer of loans to an insured;

(iii) The effecting on behalf of an insured of surrenders, conversions, modifications, and reinstatements; and

(iv) The exercise or election by an insured of non-forfeiture options, optional modes of settlement, optional disposition of dividends, and other policy options and privileges not involving payment by the insurer.

(4) The term *transfer* shall mean the change of beneficiary, or the assignment or pledge of the interest of an insured in any blocked life insurance policy subsequent to the issuance thereof.

(e) This section does not authorize any transaction with respect to any blocked life insurance policy issued by a life insurance company or other insurer which is a national of a designated foreign country or which is not doing business or effecting insurance in the United States.

**§ 500.527 Certain transactions with respect to United States patents, trademarks, and copyrights.**

(a) There are hereby authorized:

(1) The filing in the United States Patent Office of applications for letters patent and for trademarks registration;

(2) The making and filing in the United States Copyright Office of applications for registration or renewal of copyrights;

(3) The prosecution in the United States Patent Office of applications for letters patent and for trademarks registration;

(4) The receipt of letters patent or trademark registration certificates or copyright registration or renewal certificates granted pursuant to any such applications in which any designated national has at any time on or since the “effective date” had any interest.

(b) This section further authorizes, subject to the terms and conditions prescribed in paragraphs (c) and (d) of this section, the execution and recording of any instrument recordable in the United States Patent Office or the United States Copyright Office which affects title to or grants any interest in, including licenses under, any United States letters patent, trademark registration, copyright or renewal thereof, or application therefor, in which a designated national, who is such a national solely by reason of his relationship to an occupied area, has at any time on or since the "effective date" had any interest, or which constitutes or evidences a transaction made by, or on behalf of, or pursuant to the direction of or with such a designated national, or if any of the parties to such instrument is such a designated national.

(c) Any such instrument the recording or the execution and recording of which is authorized by paragraph (b) of this section shall be recorded in the United States Patent Office or in the United States Copyright Office within ninety days of the date of execution thereof or ninety days from the "effective date" whichever is the longer period, or within such further time as may be allowed by the Secretary of the Treasury. The person presenting such instrument for recording shall file therewith in the United States Patent Office or United States Copyright Office a statement that such instrument is being recorded in accordance with the provisions of this section.

(d) Any such instrument the recording or the execution and recording of which is authorized by paragraph (b) of this section may be set aside by the Secretary of the Treasury at any time within a period of three years from the date of recording except that the Secretary of the Treasury may in his discretion reduce such period of time with respect to any such instrument after the recording thereof, and further, the patents, trademarks, interests, applications, or rights thereunder so transferred may be vested by the Secretary of the Treasury.

(e) This section also authorizes the payment from blocked accounts or otherwise, of fees currently due to the

United States Government in connection with any transactions authorized by this section.

(f) This section further authorizes the payment from blocked accounts or otherwise of the reasonable and customary fees and charges currently due to attorneys or representatives within the United States in connection with the transactions referred to in paragraphs (a), (b), and (e) of this section, provided that such payment shall not exceed (1) \$100 for the preparation, filing, and prosecution of any letters patent; or (2) \$50 for the preparation, filing and prosecution of any application for a trademark registration; or (3) \$25 for the securing and registration of any copyright; or (4) \$35 for the preparation and filing of any amendment to a pending application for letters patent or for a trademark registration.

(g) This section also authorizes the payment of a nominal consideration not exceeding one dollar, to any party to an instrument executed or recorded hereunder with respect to the property affected by such instrument, as long as such instrument is subject to being set aside in accordance with paragraph (d) of this section.

**§ 500.528 Certain transactions with respect to blocked foreign patents, trademarks and copyrights authorized.**

(a) The following transactions by any person who is not a designated national are hereby authorized:

(1) The filing and prosecution of any application for a blocked foreign patent, trademark or copyright, or for the renewal thereof;

(2) The receipt of any blocked foreign patent, trademark or copyright;

(3) The filing and prosecution of opposition or infringement proceedings with respect to any blocked foreign patent, trademark, or copyright, and the prosecution of a defense to any such proceedings;

(4) The payment of fees currently due to the government of any foreign country, either directly or through an attorney or representative, in connection with any of the transactions authorized by paragraphs (a) (1), (2) and (3) of this section or for the maintenance of

**§ 500.529**

**31 CFR Ch. V (7-1-02 Edition)**

any blocked foreign patent, trademark or copyright; and

(5) The payment of reasonable and customary fees currently due to attorneys or representatives in any foreign country incurred in connection with any of the transactions authorized by paragraphs (a) (1), (2), (3) or (4) of this section.

(b) Payments effected pursuant to the terms of paragraphs (a) (4) and (5) of this section may not be made from any blocked account.

(c) As used in this section the term *blocked foreign patent, trademark, or copyright* shall mean any patent, petty patent, design patent, trademark or copyright issued by any foreign country, in which a designated foreign country or national thereof has an interest, including any patent, petty patent, design patent, trademark, or copyright issued by a designated foreign country.

[15 FR 9040, Dec. 19, 1950, as amended at 50 FR 27437, July 3, 1985]

**§ 500.529 Powers of attorney.**

(a) No power of attorney, whether granted before or after the “effective date” shall be invalid by reason of any of the provisions of this chapter with respect to any transaction licensed by or pursuant to the provisions of this chapter.

(b) This section does not authorize any transaction pursuant to a power of attorney if such transaction is prohibited by § 500.201 and is not otherwise licensed or authorized by or pursuant to this chapter.

(c) This section does not authorize the creation of any power of attorney in favor of any person outside of the United States or the exportation from the United States of any power of attorney.

**§ 500.530 Exportation of powers of attorney or instructions relating to certain types of transactions.**

(a) The exportation to any foreign country of powers of attorney or other instruments executed or issued by any person within the United States who is not a national of a designated foreign country, which are limited to authorizations or instructions to effect transactions incident to the following, are

hereby authorized upon the condition prescribed in paragraph (b) of this section:

(1) The representation of the interest of such person in a decedent’s estate which is being administered in any designated foreign country and the collection of the distributive share of such person in such estate;

(2) The maintenance, preservation, supervision or management of any property located in any designated foreign country in which such person has an interest; and

(3) The conveyance, transfer, release, sale or other disposition of any property specified in paragraph (a)(1) of this section or any real estate or tangible personal property if the value thereof does not exceed the sum of \$5,000 or its equivalent in foreign currency.

(b) No instrument which authorizes the conveyance, transfer, release, sale or other disposition of any property may be exported under this section unless it contains an express stipulation that such authority may not be exercised if the value of such property exceeds the sum of \$5,000 or the equivalent thereof in foreign currency.

(c) As used in this section, the term “tangible personal property” shall not include cash, bullion, deposits, credits, securities, patents, trademarks, or copyrights.

**§ 500.533 Exportations, reexportations, and incidental transactions.**

(a) All transactions ordinarily incident to the exportation of goods, software, or technology (including technical data) from the United States or reexportation of U.S.-origin goods, software, or technology from a foreign country to any person in a designated foreign country or to the government of a designated foreign country, are hereby authorized, provided that the exportation or reexportation is licensed or otherwise authorized by the Department of Commerce under the Export Administration Regulations (15 CFR parts 730-799).

(b) The general license does not authorize the financing of any transaction from a blocked account.

NOTE TO § 500.533: See note to § 500.586(b).

[65 FR 38165, June 19, 2000]

**§ 500.535 Exchange of certain securities.**

(a) Subject to the limitations and conditions of paragraph (b) of this section and notwithstanding § 500.202 of this chapter, any banking institution within the United States is authorized to engage in the following transactions with respect to securities listed on a national securities exchange, including the withdrawal of such securities from blocked accounts:

(1) Exchange of certificates necessitated by reason of changes in corporate name, par value or capitalization,

(2) Exchanges of temporary for permanent certificates,

(3) Exchanges or deposits under plans of reorganization,

(4) Exchanges under refunding plans, or

(5) Exchanges pursuant to conversion privileges accruing to securities held.

(b) This section does not authorize the following transactions:

(1) Any exchange of securities unless the new securities and other proceeds, if any, received are deposited in the blocked account in which the original securities were held immediately prior to the exchange.

(2) Any exchange of securities registered in the name of any designated national, unless the new securities received are registered in the same name in which the securities exchanged were registered prior to the exchange.

(3) Any exchange of securities issued by a person engaged in the business of offering, buying, selling, or otherwise dealing, or trading in securities, or evidences thereof, issued by another person.

(4) Any transaction with respect to any security by an issuer or other obligor who is a designated national.

[16 FR 767, Jan. 27, 1951]

**§ 500.536 Certain transactions with respect to merchandise affected by § 500.204.**

(a) With respect to merchandise the importation of which is prohibited by § 500.204, all Customs transactions are authorized except the following:

(1) Entry for consumption (including any appraisement entry, any entry of goods imported in the mails, regardless

of value, and any other informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Transfer or withdrawal from a foreign-trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign-trade zone.

(b) Paragraph (a) of this section is intended solely to allow certain restricted disposition of merchandise which is imported without proper authorization. Paragraph (a) does not authorize the purchase or importation of any merchandise.

(c) The purchase outside the United States for importation into the United States of merchandise specified in § 500.204 (other than merchandise to which § 500.204(a)(1) is applicable) and the importation of such merchandise into the United States (including transactions listed in paragraph (a) of this section) are authorized if there is presented to the collector of customs in connection with such importation the original of an appropriate certificate of origin as defined in paragraph (d) of this section and provided that the merchandise was shipped to the United States directly, or on a through bill of lading, from the country issuing the appropriate certificate of origin.

(d) A certificate of origin is appropriate for the purposes of this section only if:

(1) It is a certificate of origin the availability of which for Foreign Assets Control purposes has been announced in the FEDERAL REGISTER by the Office of Foreign Assets Control; and

(2) It bears a statement by the issuing agency referring to the Foreign Assets Control Regulations and stating that the certificate has been issued under procedures agreed upon with the United States Government.

[18 FR 2080, Apr. 14, 1953, as amended at 19 FR 5483, Aug. 27, 1954; 20 FR 1379, Mar. 8, 1955; 40 FR 7649, Feb. 21, 1975; 50 FR 5753, Feb. 12, 1985; 54 FR 5232, Feb. 2, 1989]

**§ 500.549 Proof of origin.**

Specific licenses for importation of goods the origin of which is North Korea, North Viet-Nam, Cambodia, or

## § 500.550

South Viet-Nam are generally not issued unless the applicant submits satisfactory documentary proof of the location of the goods outside North Korea, North Viet-Nam, Cambodia, or South Viet-Nam prior to the applicable effective date and of the absence of any interest of North Korea, North Viet-Nam, Cambodia, or South Viet-Nam in the goods at all times on or since that date. Since the type of documents which would constitute satisfactory proof varies depending upon the facts of the particular case, it is not possible to state in advance the type of documents required. However, it has been found that affidavits, statements, invoices, and other documents prepared by manufacturers, processors, sellers or shippers cannot be relied on and are therefore not by themselves accepted by the Office of Foreign Assets Control as satisfactory proof of origin. Independent corroborating documentary evidence, such as insurance documents, bills of lading, etc., may be accepted as satisfactory proof.

[41 FR 16555, Apr. 20, 1976]

### **§ 500.550 Transactions related to information and informational materials.**

(a) All financial and other transactions directly incident to the importation or exportation of information or informational materials as defined in § 500.332 of this part are authorized.

(b) Transactions relating to the dissemination of information or informational materials are authorized, including remittance of royalties paid for information or informational materials that are reproduced, translated, subtitled, or dubbed. This section does not authorize the remittance of royalties or other payments relating to works not yet in being, or for marketing and business consulting services, or artistic or other substantive alteration or enhancements to information or informational materials, as provided in § 500.206(c).

[54 FR 5232, Feb. 2, 1989, as amended at 60 FR 8934, Feb. 16, 1995]

### **§ 500.551 Reimports.**

Specific licenses are issued for reimportation of merchandise subject to

## 31 CFR Ch. V (7-1-02 Edition)

§ 500.204 on proof of the export of the identical merchandise from the United States. Persons planning to export any such merchandise for exhibition, repair, or for any other purpose should first ascertain that reimportation will be authorized. Generally, reimportation is authorized only if Customs Form 4455 was completed at the time of export.

[40 FR 7650, Feb. 21, 1975]

### **§ 500.552 Research samples.**

Specific licenses are issued for importation of commodities subject to § 500.204 for bona fide research purposes in sample quantities only.

[40 FR 7650, Feb. 21, 1975]

### **§ 500.553 Prior contractual commitments not a basis for licensing.**

Specific licenses are not issued on the basis that an unlicensed firm commitment or payment has been made in connection with a transaction prohibited by § 500.204. Contractual commitments to engage in transactions subject to the prohibitions in § 500.204 should not be made, unless the contract specifies that the transaction is authorized by a general license or that it is subject to the issuance of a specific Foreign Assets Control license.

[40 FR 7650, Feb. 21, 1975]

### **§ 500.554 Gifts of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin.**

(a) Except as stated in paragraph (b) of this section and in § 500.550, specific licenses are not issued for the importation of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin goods sent as gifts to persons in the United States or acquired abroad as gifts by persons entering the United States. However, licenses are issued, upon request, for the return of such goods to the donors in countries other than North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

(b) Specific licenses are issued for the importation directly from North Korea, North Viet-Nam, Cambodia, or South Viet-Nam:



**Office of Foreign Assets Control, Treasury**

**§ 500.558**

(1) Of goods which are claimed by the importer to have been sent as a bona fide gift and

(2) Of goods which are claimed to have been acquired in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam as a bona fide gift, subject to the conditions that:

(i) The goods are of small value, and

(ii) There is no reason to believe that there is, or has been since the applicable effective date, any direct or indirect financial or commercial benefit to North Korea, North Viet-Nam, Cambodia, or South Viet-Nam or nationals thereof from the importation.

[41 FR 16555, Apr. 20, 1976]

**§ 500.556 Joint bank accounts.**

Specific licenses are issued unblocking a portion of or all of a blocked joint bank account where a non-blocked applicant claims beneficial ownership, as follows:

(a) *Joint bank account, without survivorship provisions.* Specific licenses are issued unblocking only that amount with respect to which the applicant is able to prove beneficial ownership by documentary evidence independent of his assertions of interest.

(b) *Joint bank account, with survivorship provision.* Specific licenses are issued unblocking an amount equivalent to that portion of the total amount to which the applicant would be entitled if the total were divided evenly among the persons in whose names the account is held (e.g. 50 percent where there are two names; 33⅓ percent where there are three names). Such licenses are issued on the basis of applicant's assertions of beneficial ownership interest without the requirement of independent evidence.

[40 FR 7650, Feb. 21, 1975]

**§ 500.557 Proceeds of insurance policies.**

(a) Specific licenses are issued authorizing payment of the proceeds of blocked life insurance policies issued on the life of a North Korean, North Vietnamese, Cambodian, or South Vietnamese national, who died in one of those countries after the applicable effective date to certain beneficiaries li-

censed as unblocked nationals pursuant to § 500.505, as follows:

(1) The applicant is a permanent resident of the United States or the authorized trade territory and is not a specially designated national; and

(2) No interest on the part of a designated national not licensed as an unblocked national exists in that portion of the funds to which the applicant is entitled.

(b) Applications for specific licenses under this section must include all of the following information:

(1) Proof of permanent residence in the United States or the authorized trade territory, to be established by the submission of documentation issued by relevant government authorities that must include at least two of the following documents:

- (i) Passport;
  - (ii) Voter registration card;
  - (iii) Permanent resident alien card;
- or
- (iv) National identity card.

Other documents tending to show residency, such as income tax returns, may also be submitted in support of government documentation, but will not suffice in and of themselves; and

(2) Proof of entitlement under the insurance policy to be established by a copy of the policy and an affidavit from an appropriate officer of a recognized insurance company acknowledging the legitimacy of the beneficiary's claim and the amount of the payment.

(c) Any document provided pursuant to this section that is not written in the English language must be accompanied by a translation into English, as well as a certification by the translator that he is not an interested party to the proceeding, is qualified to make the translation, and has made an accurate translation of the document in question.

[54 FR 5232, Feb. 2, 1989]

**§ 500.558 Accounts of blocked partnerships.**

Specific licenses are issued unblocking partnerships established under the laws of North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, as follows:

**§ 500.559**

(a) Where all of the general partners and limited partners, if any, have emigrated from North Korea, North Viet-Nam, Cambodia, or South Viet-Nam and have established residence in the United States or in a country in the authorized trade territory, specific licenses are issued unblocking the assets of the partnership after deducting the total debt due creditors wherever located.

(b) Where one or more partners, whether general or limited, is in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam (or elsewhere but still blocked), specific licenses are issued unblocking only the net pro rata shares of those partners who are resident in the United States or in a country in the authorized trade territory after deducting the total debt due creditors wherever located.

(c) The issuance of licenses is conditioned on the applicant furnishing the following information:

(1) Detailed information as to the status of all debts and other obligations of the blocked partnership, specifying the citizenship and residence of each creditor as of the applicable effective date, and as of the date of the application;

(2) The current status of the blocked partnership e.g., liquidated, nationalized, inoperative, etc.;

(3) A detailed description of all the partnership's assets, wherever located; and,

(4) A list of all partners, indicating whether they are general, limited, etc. and giving their citizenship and residence as of the applicable effective date and as of the date of filing of the application.

[40 FR 7651, Feb. 21, 1975, as amended at 41 FR 16555, Apr. 20, 1976; 45 FR 7225, Jan. 31, 1980]

**§ 500.559 Accounts of North Korean, North Vietnamese, Cambodian or South Vietnamese sole proprietorships.**

Specific licenses are issued unblocking sole proprietorships established under the laws of North Korea, North Viet-Nam, Cambodia, or South Viet-Nam if the proprietor has emigrated from those countries and established residence in the United States or

**31 CFR Ch. V (7-1-02 Edition)**

a country in the authorized trade territory. Such licenses do not unblock any indebtedness of the proprietorship due to persons in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

[41 FR 16556, Apr. 20, 1976, as amended at 45 FR 7225, Jan. 31, 1980]

**§ 500.560 Bank accounts of official representatives of foreign governments in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.**

Specific licenses are issued authorizing payments from accounts of official representatives of foreign governments in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam for transactions which are not inconsistent with the purposes of any of the regulations in this chapter.

[41 FR 16556, Apr. 20, 1976, as amended at 45 FR 7225, Jan. 31, 1980]

**§ 500.561 Transfers of abandoned property under State laws.**

(a) Except as stated in paragraphs (b) and (c) of this section, specific licenses are not issued authorizing the transfer of blocked property to State agencies under State laws governing abandoned property.

(b) Specific licenses are issued authorizing the transfer of blocked property, pursuant to the laws of the State governing abandoned property, to the appropriate State agency. *Provided*, That the State's laws are custodial in nature, *i.e.*, there is no permanent transfer of beneficial interest to the State. Licenses require the property to be held by the State in accounts which are identified as blocked under the regulations. A separate index of these blocked assets is required to be maintained by the State agency. The requirements of this section for identification and separate indexing of blocked assets apply to all blocked assets held by State agencies and any licenses issued prior to the effective date of this section hereby are amended by the incorporation of such requirements.

(c) To be eligible for a specific license under this section, the state agency must demonstrate that it has the statutory authority under appropriate state law to comply with the requirements of § 500.205. Such a showing shall

include an opinion of the State Attorney General that such statutory authority exists.

[44 FR 11767, Mar. 2, 1979, as amended at 50 FR 27437, July 3, 1985]

**§ 500.562 [Reserved]**

**§ 500.563 Transactions incident to travel to and within North Korea.**

(a) All transactions of persons subject to U.S. jurisdiction, including travel service providers, ordinarily incident to travel to, from, and within North Korea and to maintenance within North Korea are authorized. This authorization extends to transactions with North Korean carriers and those involving group tours, payment of living expenses, the acquisition of goods in North Korea for personal use, and normal banking transactions involving currency drafts, charge, debit or credit cards, traveler's checks, or other financial instruments negotiated incident to personal travel.

(b) The purchase of merchandise in North Korea by persons subject to U.S. jurisdiction, and importation as accompanied baggage, is limited to goods with a foreign market value not to exceed \$100 per person for personal use only. Such merchandise may not be resold. This authorization may be used only once in every six consecutive months. As provided in § 500.206 of this part, information and informational materials are exempt from this restriction.

(c) This section does not authorize any debit to a blocked account.

[60 FR 8935, Feb. 16, 1995]

**§ 500.564 [Reserved]**

**§ 500.565 Family remittances to nationals of Vietnam and Cambodia.**

(a) The remittances specified in this section are authorized to be made to any close relative of the remitter or of the remitter's spouse, provided that the relative is a national of Vietnam or Cambodia, is a resident of Vietnam, Cambodia, or a country to which private remittances to nationals are not generally prohibited pursuant to this chapter, and is not a specially designated national.

(b) Remittances made pursuant to this section may be made only as follows:

(1) For the support of the payee, or for the support of the payee and members of his household, in amounts not exceeding \$300 in any consecutive 3-month period to any one payee or to any household; and

(2) For the purpose of enabling the payee to emigrate from Vietnam or Cambodia, in an amount not exceeding \$750, to be made only once to any one payee, provided that the payee is a resident of and within Vietnam or Cambodia.

(c) The term *close relative* used with respect to any person means spouse, child, grandchild, parent, grandparent, uncle, aunt, brother, sister, nephew, niece or spouse, widow, or widower of any of the foregoing.

(d) The term *member of a household* used with respect to any person means a close relative sharing a common dwelling with such person.

(e) This section does not authorize remittances from blocked accounts.

(f) Specific licenses may be issued authorizing a U.S. financial institution to establish direct correspondent banking relations with a Vietnamese or Cambodian bank or banks for the sole purpose of facilitating the remittance of funds authorized by this section.

[56 FR 20349, May 3, 1991]

**§ 500.566 Certain transactions authorized on behalf of North Korean nationals incident to their travel and maintenance expenses.**

(a) Except as provided in paragraph (b) of this section, the following transactions are authorized by or on behalf of a national of North Korea who enters the United States on a visa issued by the Department of State:

(1) All transactions ordinarily incident to travel to, from, and within the United States are authorized, including the importation into the United States of accompanied baggage for personal use;

(2) All transactions ordinarily incident to travel and maintenance within the United States, including payment of living expenses and the acquisition of goods in the United States for personal use; and

**§ 500.567**

(3) Normal banking transactions involving foreign currency drafts, traveler's checks, or other instruments negotiated incident to personal travel in the United States,

(b) This section does not authorize any debit to a blocked account.

(Sec. 5, 40 Stat. 415, as amended, 50 U.S.C. App. 5(b); 75 Stat. 445, 22 U.S.C. 2370(a); Proc. 3447, 27 FR 1065, 3 CFR, 1959-1963 Comp.; E.O. 9193, 7 FR 5205, 3 CFR, Cum. Supp., p. 1174; E.O. 9989, 13 FR 4891, 3 CFR, 1943-1948 Comp., p. 748)

[49 FR 24994, June 19, 1984, as amended at 55 FR 31179, Aug. 1, 1990; 58 FR 63084, Nov. 30, 1993; 60 FR 8935, Feb. 16, 1995]

**§ 500.567 U.S. assets of certain designated country corporations.**

(a) Specific licenses may be issued unblocking the net pro rata shares of individuals who are permanent residents of the United States or the authorized trade territory, and who are not specially designated nationals, in U.S.-located assets of corporations formed under the laws of countries designated in this part, after deducting the total debt due creditors for claims that accrued prior to the effectiveness date, in cases where all of the following conditions are met:

(1) The assets were owned by, or accrued to, the corporation before the effective date of the regulations;

(2) The corporation did not carry on substantial business in the designated country under the management or control of the applicant(s) after the effective date;

(3) In cases where the blocked assets purportedly have been nationalized by the designated country, compensation has not been paid to the applicant(s).

(b) Applications for specific licenses under this section must include all of the following information:

(1) A detailed description of the corporation, its by-laws, activities, distribution of shares, and its current status;

(2) Proof of the permanent residence of the applicant(s) in the United States or the authorized trade territory.

(3) A list of all officers, directors and shareholders of the corporation, giving the citizenship and the residence of each person as of the date of application;

**31 CFR Ch. V (7-1-02 Edition)**

(4) A detailed description of all of the assets of the corporation, wherever located, including a statement of all known encumbrances or claims against them; and

(5) Detailed information regarding the status of all debts and other obligations of the corporation, specifying the citizenship and residence of each creditor on the effective date and on the date of the application.

[50 FR 33720, Aug. 21, 1985]

**§ 500.568 U.S. assets of blocked decedents.**

(a) Specific licenses may be issued unblocking the net pro rata shares of certain heirs of designated nationals in U.S.-located estate assets, after deducting the total debt due creditors for claims that accrued prior to the effective date, in cases where all of the following conditions are met:

(1) The applicant is a permanent resident of the United States or the authorized trade territory and is not a specially designated national; and

(2) No interest on the part of a designated national not licensed as an unblocked national pursuant to § 500.505 exists in that portion of the assets to which the applicant is entitled.

(b) Applications for specific licenses under this section must include all of the following information:

(1) Proof of permanent residence in the United States or the authorized trade territory, to be established by the submission of documentation issued by relevant government authorities that must include at least two of the following documents:

(i) Passport;

(ii) Voter registration card;

(iii) Permanent resident alien card; or

(iv) National identity card. Other documents tending to show residency, such as income tax returns, may also be submitted in support of government documentation, but will not suffice in and of themselves;

(2) Proof of death of the designated national to be established by a death certificate;

(3) Proof of heirship, to be established by a copy of the decedent's duly executed will certified by a probate court, a court decree determining the

heirs, or, failing the availability of such documents, copies of certificates establishing the relationship of the heir to the deceased, *e.g.*, birth or marriage certificates; and

(4) A description of the assets involved, including interest due on blocked funds since April 1, 1979, the name and address of the institution in which the assets are held, the account or safe deposit box number, the name in which the assets are held and a statement of all known encumbrances or claims against them.

(c) Any document provided pursuant to this section that is not written in the English language must be accompanied by a translation into English, as well as a certification by the translator that he is not an interested party to the proceeding, is qualified to make the translation, and has made an accurate translation of the document in question.

[54 FR 5232, Feb. 2, 1989]

**§ 500.569 [Reserved]**

**§ 500.570 Cambodian property unblocked.**

All transactions otherwise prohibited by this part which involve property in which Cambodia or a national thereof has an interest, other than property blocked in the name of the Exchange Support Fund for the Khmer Republic, are authorized.

[59 FR 60559, Nov. 25, 1994]

**§ 500.571 Transactions related to telecommunications authorized.**

All transactions of U.S. common carriers incident to the receipt or transmission of telecommunications involving North Korea are authorized.

NOTE: Exports or reexports to North Korea of goods and technical data, or of the direct products of technical data (regardless of U.S. content), not prohibited by this part may require authorization from the U.S. Department of Commerce pursuant to the Export Administration Regulations, 15 CFR parts 768-799.

[57 FR 58986, Dec. 14, 1992, as amended at 60 FR 8935, Feb. 16, 1995]

**§ 500.572 Humanitarian projects authorized.**

(a) All transactions by non-governmental organizations incident to carrying out humanitarian projects in Vietnam are authorized. For purposes of this section, the term "non-governmental organization" shall mean any private voluntary organization accorded tax exempt status under § 501(c)(3) of the Internal Revenue Code, as well as any other organization engaged in voluntary charitable assistance activities that receives funding from private sources, including but not limited to accredited degree-granting institutes of education, private foundations and research institutions.

(b) The non-governmental organization carrying out humanitarian projects in Vietnam pursuant to this authorization shall file an initial report within 10 business days after the formal commencement of U.S. activities on the project with the Office of Foreign Assets Control, Compliance Division, U.S. Department of the Treasury, 1500 Pennsylvania Avenue NW.—Annex, Washington, DC 20220, stating:

(1) The name, address, and telephone number of the non-governmental organization, and the officer charged with supervision of the project in Vietnam; and

(2) The nature, scope, purpose, and location of the project in Vietnam.

[57 FR 20766, May 15, 1992]

**§ 500.573 Certain donations of funds and goods to meet basic human needs authorized.**

(a) The donation of funds for the purpose of contributing to the provision of humanitarian assistance to victims of natural disasters in North Korea is authorized, provided that such donations may only be made through the United Nations, related UN programs and specialized agencies, the American Red Cross and the International Committee of the Red Cross.

(b) With respect to transactions not within the scope of the general license contained in § 500.533 of this part, all transactions incident to the donation to North Korea of goods to meet basic

**§ 500.574**

**31 CFR Ch. V (7-1-02 Edition)**

human needs are authorized. For purposes of this section, *goods to meet basic human needs* shall be defined by reference to the Humanitarian License Procedure set forth in 15 CFR 773.5 (c) and (d) and supplement no. 7 to part 773 of the Export Administration Regulations.

NOTE: Exports from the United States to North Korea or reexports to North Korea of U.S.-origin goods, or foreign goods containing U.S.-origin content or produced from U.S.-origin technical data, to meet basic human needs in North Korea may require authorization from the U.S. Department of Commerce.

[61 FR 9344, Mar. 8, 1996]

**§ 500.574 Executory contracts and related transactions authorized.**

(a) *Executory contracts.* (1) Persons subject to U.S. jurisdiction are authorized to enter into executory contracts with Vietnam or Vietnamese nationals, or executory contracts in which Vietnam or a Vietnamese national has an interest, the performance of which is contingent upon the lifting or modification of the embargo on Vietnam to permit such performance.

(2) Within 10 business days of signing an executory contract authorized pursuant to paragraph (a) of this section, the person subject to U.S. jurisdiction must file a copy of the contract with the Office of Foreign Assets Control, Compliance Programs Division, 1500 Pennsylvania Avenue, NW.—Annex 2131, Washington, DC 20220, referencing the fact that the contract was entered into pursuant to 31 CFR 500.574(a).

(3) Specific licenses will be issued on a case-by-case basis to authorize financial transactions such as the payment of deposits, earnest money, signing bonuses, and administrative and registration fees incident to the signature of specific executory contracts authorized pursuant to paragraph (a)(1) of this section. The number of the pertinent license must be referenced in all funds transfers and other banking transactions through banks subject to U.S. jurisdiction made in connection with the contract.

(b) *Preparatory transactions.* (1) Specific licenses will be issued authorizing commercial and financial transactions necessary to obtaining and preparing to perform executory contracts author-

ized pursuant to paragraph (a)(1) of this section. These commercial and financial transactions include:

- (i) Opening offices in Vietnam;
- (ii) Hiring staff;
- (iii) Writing and designing plans;
- (iv) Carrying out preliminary feasibility studies and engineering and technical surveys; and
- (v) Import, export, and service transactions incident to the foregoing.

(2) Specific licenses issued pursuant to paragraph (b)(1) of this section will, to the extent feasible, encompass commercial and financial transactions incident to the licensed commercial purpose or activity.

NOTE: Exports or reexports to Vietnam of goods and technical data, or of the direct products of technical data (regardless of U.S. content), in connection with activities licensed by FAC may require authorization from the U.S. Department of Commerce pursuant to the Export Administration Regulations, 15 CFR parts 768-799.

(3) The number of the pertinent license must be referenced in all funds transfers and other banking transactions through banks subject to U.S. jurisdiction in connection with preparatory transactions under paragraphs (b) (1) and (2) of this section.

[57 FR 62230, Dec. 30, 1992]

**§ 500.575 Certain services to Vietnamese nationals authorized.**

(a) Specific licenses may be issued on a case-by-case basis for the provision in the United States or a third country of business orientation or training services to Vietnamese nationals. The orientation or training program may pertain only to industrial or commercial processes, or to specific equipment and related technical data both of which are eligible for export under a general license to Country Group Y, as set forth in Supplement No. 1 to part 770 of the Export Administration Regulations, 15 CFR parts 768-799. Licenses issued pursuant to this section will not authorize Vietnamese participation in orientation and training programs with respect to specific equipment and related technical data that may not be exported under a general license to Country Group Y pursuant to the Export Administration Regulations.

Training programs may involve instruction on the maintenance or operation of a particular product, but may not involve instruction in a product's design or manufacture.

NOTE: The transfer of mass-market software and certain technical data eligible for export to most destinations under General License GTDU to Vietnamese nationals may require additional authorization from the U.S. Department of Commerce pursuant to the Export Administration Regulations.

(b) Transactions directly incident to the travel and maintenance expenses of the Vietnamese nationals for purposes of orientation or training programs are authorized pursuant to § 500.566. Payment of salaries or other fees to Vietnamese nationals participating in orientation or training programs is not authorized.

(c) Applications for specific licenses should be submitted by the orientation or training program sponsor and should include a full description of the program to be offered, including the participants, the identity of their employers, and the capacities in which the participants are employed.

[58 FR 63084, Nov. 30, 1993]

**§ 500.576 Authorization of transactions concerning certain development projects in Vietnam.**

(a) All transactions by persons subject to U.S. jurisdiction in connection with participation in development projects in Vietnam formally proposed or approved for execution, funding or sponsorship by the international institutions listed in appendix A to this part ("Qualified Projects") are authorized. For purposes of this section, Qualified Projects include investment projects, structural adjustment lending, sector adjustment lending, International Monetary Fund balance-of-payments support, and general development assistance including grants, technical assistance, and loans.

(b) Persons subject to U.S. jurisdiction may provide both goods and services to any party contracting to participate in a Qualified Project pursuant to the authorization contained in this section.

(1) Services may include financial, legal, consulting, insurance, shipping and other services.

(2) Persons subject to U.S. jurisdiction may participate in Qualified Projects as suppliers, contractors, or subcontractors, and through joint ventures with third-country nationals and Vietnamese nationals.

(3) Persons subject to U.S. jurisdiction may finance, or guarantee the performance of, activities of U.S. participants in a Qualified Project; co-financing of or lending to the Qualified Project itself by a person subject to U.S. jurisdiction may be authorized by specific license pursuant to § 500.801.

Illustrative examples of transactions covered by this section are set forth in § 500.413.

(c) Except as otherwise authorized, persons subject to U.S. jurisdiction may not participate in development projects in Vietnam that are bilaterally funded and administered, or in projects or feasibility studies prior to formal proposal or approval by a qualified international institution for its involvement in the project or study. If a qualified international institution formally proposes but thereafter rejects, terminates, or abandons a project, the project shall no longer constitute a Qualified Project for purposes of this section. Except as otherwise specifically authorized pursuant to this part, persons subject to U.S. jurisdiction may not enter into any new commitments with respect to the project after the date of such rejection, termination, or abandonment. In addition, this section does not authorize:

(1) The importation of Vietnamese-origin goods into the United States, except as required to honor service or warranty contracts associated with Qualified Projects;

(2) Offshore transactions of persons subject to U.S. jurisdiction involving the sale of Vietnamese-origin goods between Vietnam and third countries, or among third countries;

(3) Flights into or out of Vietnam by aircraft owned or controlled by persons subject to U.S. jurisdiction, except when such persons transport, on aircraft they own, only passengers or cargo associated with a Qualified Project in which such persons are participating pursuant to this section;

(4) The use in Vietnam of credit cards issued by a U.S. banking institution; or

(5) A debit to a blocked account.

*Example:* A Vietnamese highway project feasibility study financed by a third-country development agency is not a Qualified Project for purposes of this section. However, the feasibility study would be a Qualified Project, notwithstanding the bilateral funding, if the International Development Association had formally proposed the highway project as one under consideration for funding in its *Monthly Operational Summary of World Bank and IDA Proposed Projects*

(d) Within 10 business days after entering into an agreement for goods, services, financing, investment, or other participation in or related to a Qualified Project, the person(s) subject to U.S. jurisdiction entering into the agreement must register with the Office of Foreign Assets Control, Compliance Division, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220. The registration shall reference the fact that the agreement was entered into pursuant to 31 CFR 500.576(a), and shall provide:

(1) The name, address, telephone and facsimile numbers, and nationality of the person(s) subject to U.S. jurisdiction;

(2) If the reporting party is not an individual, the name, address, telephone and facsimile numbers of the individual to contact for further information;

(3) The name of the international institution listed in appendix A formally proposing, approving, executing, funding, or sponsoring the project;

(4) The name and a brief description of the project in Vietnam (with any contract, project, request for bid, or other identifying number);

(5) A brief description of the activity covered by the agreement, and the contract value; and

(6) If the reporting party is a subcontractor, the prime contractor's name, address, and nationality, and those of all intermediate subcontractors.

Registration is not required of agencies of the Federal Government participating in Qualified Projects.

(e) Upon registration meeting the requirements of paragraph (d) of this section, the Office of Foreign Assets Control will assign a registration number to the contract involved. This number

should be referenced in all funds transfers and other banking transactions that take place through banks subject to U.S. jurisdiction, and in all U.S. export documents, in connection with the Qualified Project in Vietnam in order to avoid the blocking of such funds and to facilitate export transactions.

(f) Annual reports must be filed with the Office of Foreign Assets Control on the anniversary of the issuance of a contract registration number, briefly describing the status of the project and any material changes in the information originally provided.

NOTE TO § 500.576: Exports or reexports to Vietnam of goods and technical data, or of the direct products of technical data (regardless of U.S. content), in connection with activities licensed by FAC may require authorization from the U.S. Department of Commerce pursuant to the Export Administration Regulations, 15 CFR parts 768-799.

[58 FR 68531, Dec. 28, 1993]

**§ 500.577 Authorization of bank transactions with respect to Vietnam by certain international organizations.**

All transactions by banking institutions subject to U.S. jurisdiction incidental to the processing of transactions of the international institutions identified in appendix A with reference to Vietnam are authorized.

*Example:* A transfer to Vietnam or a Vietnamese national of funds from the U.S. account of a qualified international institution listed in appendix A to this part, for a program, rent or salary payment, is not blocked under this part.

[58 FR 68532, Dec. 28, 1993]

**§ 500.578 Vietnamese property unblocked.**

All transactions otherwise prohibited by this part which involve property in which a designated national of Vietnam has an interest are authorized.

[60 FR 12886, Mar. 9, 1995]

**§ 500.579 Authorization for release of certain blocked transfers by banking institutions subject to U.S. jurisdiction.**

(a) Banking institutions subject to the jurisdiction of the United States are authorized to unblock and return to the remitting party funds that were blocked pursuant to this part because



of an interest of Vietnam or a Vietnamese national and that came into their possession or control by wire transfer or check remittance received after December 31, 1989, provided that no funds are released to the Government of Vietnam or any person in Vietnam.

(b) Specific licenses may be issued authorizing the return to the remitting party of funds that were blocked by banking institutions subject to the jurisdiction of the United States pursuant to this part because of an interest of North Korea or a national thereof and that came into the banking institution's possession or control by wire transfer or check remittance, provided that no funds are released to the Government of North Korea, any entity controlled by the Government of North Korea, or any person located in, controlled from, or organized under the laws of North Korea.

[59 FR 26602, May 23, 1994, as amended at 60 FR 8935, Feb. 16, 1995]

**§ 500.580 Authorization of U.S. dollar clearing transactions involving North Korea.**

Banking institutions organized under the laws of or located in the United States are authorized to process the transfer of funds in which North Korea or a national thereof has an interest. Persons subject to U.S. jurisdiction who are originators or ultimate beneficiaries of funds transfers, however, including U.S. banking institutions that are themselves originators or beneficiaries, may not initiate or receive such transfers if the underlying transactions to which they relate are prohibited pursuant to this part.

[60 FR 8935, Feb. 16, 1995]

**§ 500.581 Financial transactions related to diplomatic missions authorized.**

All financial transactions related to activities of North Korean diplomatic missions in the United States and U.S. diplomatic missions in North Korea are authorized, with the exception of transactions involving the North Korean mission to the United Nations in

New York, which are subject to approval by specific license.

[60 FR 8935, Feb. 16, 1995]

**§ 500.582 Importation of North Korean-origin magnesite and magnesia.**

Specific licenses may be issued authorizing the importation into the United States of North Korean-origin magnesite or magnesia.

[60 FR 8935, Feb. 16, 1995]

**§ 500.583 News organization offices.**

(a) Specific licenses may be issued authorizing all transactions necessary for the establishment and operation of news bureaus in North Korea by U.S. organizations whose primary purpose is the gathering and dissemination of news to the general public.

(b) Transactions that will be authorized include but are not limited to those incident to the following:

- (1) Leasing office space and securing related goods and services;
- (2) Hiring North Korean nationals to serve as support staff;
- (3) Purchasing North Korean-origin goods for use in the operation of the office; and
- (4) Paying fees related to the operation of the office in North Korea.

(c) Specific licenses may be issued authorizing transactions necessary for the establishment and operation of news bureaus in the United States by North Korean organizations whose primary purpose is the gathering and dissemination of news to the general public.

(d) The number assigned to a specific license issued pursuant to this section should be referenced in all import documents, and in all funds transfers and other banking transactions through banking institutions organized or located in the United States, in connection with the licensed transactions to avoid the blocking of goods imported from North Korea and the interruption of the financial transactions with North Korea.

[60 FR 8935, Feb. 16, 1995]

**§ 500.584**

**31 CFR Ch. V (7-1-02 Edition)**

**§ 500.584 Energy sector projects in North Korea.**

Specific licenses may be issued to permit persons subject to U.S. jurisdiction to participate in certain energy sector projects in North Korea in connection with that country's transition to light-water reactor ("LWR") power plants. Transactions that may be licensed include those related to LWR power plant design, site preparation, excavation, delivery of essential non-nuclear components including turbines and generators, building construction, the disposition of spent nuclear fuel, and the provision of heavy oil to North Korea for heating and electricity generation pending completion of the first LWR unit.

[60 FR 8935, Feb. 16, 1995]

**§ 500.585 Payments for services rendered by North Korea to United States aircraft authorized.**

Payments to North Korea of charges for services rendered by the Government of North Korea in connection with the overflight of North Korea or emergency landing in North Korea by aircraft owned or controlled by a person subject to the jurisdiction of the United States or registered in the United States are authorized.

[62 FR 17548, Apr. 10, 1997]

**§ 500.586 Authorization of new transactions concerning certain North Korean property.**

(a) Subject to the limitations in paragraph (b) of this section, transactions in which North Korea or a national thereof has an interest are authorized where:

(1) The property comes within the jurisdiction of the United States or into the control or possession of a person subject to the jurisdiction of the United States on or after June 19, 2000; or

(2) The interest in the property of North Korea or a North Korean national arises on or after June 19, 2000.

(b)(1) Unless otherwise authorized by the Office of Foreign Assets Control, all property and interests in property of North Korea or its nationals that were blocked pursuant to subpart B of this part as of June 16, 2000, remain

blocked and subject to the prohibitions and requirements of this part;

(2)(i) The importation of products into the United States from North Korea requires approval from the Office of Foreign Assets Control. The person seeking to import products into the United States must provide information relevant to the determination whether the product was produced by

(A) A foreign person whose actions triggered import sanctions under sections 73 and 74 of the Arms Export Control Act;

(B) An activity of the government of North Korea relating to the development or production of any missile equipment or technology; or

(C) An activity of the government of North Korea affecting the development or production of electronics, space systems or equipment, and military aircraft.

(ii) Those seeking to import products from North Korea into the United States must submit all available information satisfying the requirements of paragraph (b)(2)(i) of this section; the name, address, telephone number, facsimile number, and e-mail address of the importer; a description of the product to be imported, including quantity and cost; the name and address of the producer of the product; the name of the location where the product was produced; and the name and address of the North Korean exporter. Requests for import review should be submitted by mail to North Korea Unit, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW, Annex, Washington, DC 20220. Upon review of the submitted information, the Office of Foreign Assets Control will issue a letter indicating the results of the review to the person seeking to import the product.

(3) Except as authorized by § 500.580 or unless otherwise authorized by the Office of Foreign Assets Control, persons subject to the jurisdiction of the United States are prohibited from engaging in any transfer from the government of North Korea:

(i) Constituting a donation to a person subject to the jurisdiction of the United States; or

(ii) With respect to which a person subject to the jurisdiction of the

United States knows (including knowledge based on advice from an agent of the United States Government), or has reasonable cause to believe, that the transfer poses a risk of furthering terrorist acts in the United States.

(4) This section does not affect any open enforcement action initiated by the U.S. government prior to June 19, 2000 or any seizure, forfeiture, penalty, or liquidated damages case that is considered closed in accordance with U.S. Customs or other agency regulations. This section also does not authorize the importation into the United States of goods that are under seizure or detention by U.S. Customs officials pursuant to Customs laws or other applicable provision of law, until any applicable penalties, charges, duties or other conditions are satisfied. This section does not authorize importation into the United States of goods for which forfeiture proceedings have been commenced or of goods that have been forfeited to the U.S. Government, other than through U.S. Customs disposition by selling at auction.

NOTE TO § 500.586(b): The exportation and reexportation of items may be subject to license application requirements under regulations administered by other federal agencies (see *e.g.*, the Export Administration Regulations administered by the Department of Commerce). Section 500.533 of this part continues to provide authority for transactions incident to the exportation and reexportation of items authorized by the Department of Commerce. It should also be noted that the shipment of strategic goods from a foreign country to North Korea by persons subject to the jurisdiction of the United States remains prohibited by 31 CFR part 505. The application requirements for a specific license relating to such goods are found in 31 CFR 501.801.

[65 FR 38165, June 19, 2000]

### Subpart F—Reports

#### § 500.601 Records and reports.

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

[62 FR 45101, Aug. 25, 1997]

#### § 500.602 Reporting of claims of U.S. nationals against North Korea.

(a) *Requirement for reports.* Reports are required to be filed on or before

March 9, 1998, in the manner prescribed in this section, with respect to all outstanding claims held by United States nationals against the Government of North Korea or any North Korean government entity.

(b) *Who must report.* A report must be submitted by each U.S. national having a claim outstanding against the Government of North Korea or any North Korean government entity. Reports should be submitted only by persons who were U.S. citizens or entities organized under the laws of a U.S. jurisdiction on the date of the loss.

(c) *How to register.* U.S. nationals filing reports of claims must submit a letter containing the information required by paragraph (f) of this section. The letter must be sent to the Blocked Assets Division, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Ave., NW—Annex, Washington, DC 20220, to arrive by March 9, 1998. A copy of the submission should be kept by the claimant.

(d) *Certification.* Every report shall bear the signature of the claimant or a person authorized by the claimant to sign the report. The signature will certify that, to the best of the reporter's knowledge, the statements set forth in the report, including any papers attached to or filed with the report, are true and accurate, and that all material facts in connection with the report have been set forth.

(e) *Confidentiality of reports.* Reports submitted pursuant to this section are regarded as privileged and confidential.

(f) *Contents of report.* The report must contain the following information (with responses numbered to correspond with the numbers used below):

(1) Identification of claimant.

(i) Claimant's Legal Name.

(ii) Claimant's Address.

(iii) Telephone number of individual to contact regarding the report.

(iv) If claimant is a naturalized citizen of the United States, state the place and date of naturalization.

(v) If claimant is a corporation or business, state the place of incorporation and principal place of business.

(2) Information concerning claim.

(i) Amount of loss in U.S. dollars (indicate exchange or interest rates and

relevant dates utilized for any currency translation or interest calculation).

(ii) Describe the circumstances of the loss. Include the date of the loss and a description of the property, business, obligation, injury or other damage which is the subject of the claim.

(g) *Definition of United States national.* For purposes of this section, the term *United States national* or *U.S. national* means:

(1) An individual who is a citizen of the United States;

(2) An individual who, though not a citizen of the United States, owes permanent allegiance to the United States, and is not an alien; or

(3) A partnership, corporation, or other juridical entity organized under the laws of the United States or any jurisdiction within the United States.

(h) *Definition of the Government of North Korea; North Korean government entity.* For purposes of this section:

(1) The term *Government of North Korea* means the government of the territory of Korea north of the 38th parallel of north latitude, as well as any political subdivision, agency, or instrumentality thereof, or any territory, dependency, colony, protectorate, mandate, dominion, possession, or place subject to the jurisdiction thereof as of the "effective date."

(2) The term *North Korean government entity* means any corporation, partnership, or association, or other organization, wherever organized or doing business, that is owned or controlled by the Government of North Korea.

[62 FR 64721, Dec. 9, 1997]

### Subpart G—Penalties

SOURCE: 63 FR 10324, Mar. 3, 1998, unless otherwise noted.

#### § 500.701 Penalties.

(a) Attention is directed to section 16 of the Trading with the Enemy Act (50 U.S.C. App. 16—"TWEA"), as adjusted pursuant to 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) Persons who willfully violate any provision of TWEA or any license, rule,

or regulation issued thereunder, and persons who willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of TWEA shall, upon conviction, be fined not more than \$1,000,000 or, if an individual, be fined not more than \$100,000 or imprisoned for not more than 10 years, or both; and an officer, director, or agent of any corporation who knowingly participates in such violation shall, upon conviction, be fined not more than \$100,000 or imprisoned for not more than 10 years, or both.

(2) Any property, funds, securities, papers, or other articles or documents, or any vessel, together with its tackle, apparel, furniture, and equipment, concerned in a violation of TWEA may upon conviction be forfeited to the United States.

(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 TWEA.

(4) Any property, funds, securities, papers, or other articles or documents, or any vessel, together with its tackle, apparel, furniture, and equipment, that is the subject of a violation subject to a civil penalty issued pursuant to TWEA shall, at the discretion of the Secretary of the Treasury, be forfeited to the United States Government.

(b) The criminal penalties provided in TWEA are subject to increase pursuant to 18 U.S.C. 3571 which, when read in conjunction with section 16 of TWEA, provides that persons convicted of violating TWEA may be fined up to the greater of either \$250,000 for individuals and \$1,000,000 for organizations or twice the pecuniary gain or loss from the violation.

(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 representations, 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 5 years, or both.

**§ 500.702 Prepenalty notice; contents; respondent's rights; service.**

(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 Trading with the Enemy Act, and the Director determines that further proceedings are warranted, he or she shall issue to the person concerned a notice of his or her intent to impose a monetary penalty and/or forfeiture. The prepenalty notice may 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 and/or forfeiture.

(2) *Respondent's rights*—(i) *Right to respond.* The prepenalty notice shall also inform the respondent of respondent's right to respond in writing to the notice within 30 calendar days of the mailing or other service of the notice pursuant to paragraph (c) of this section, as to why a monetary penalty and/or forfeiture should not be imposed, or, if imposed, why it should be in a lesser amount than proposed.

(ii) *Right to request a hearing.* The prepenalty notice shall also inform the respondent that, in the response provided for in paragraph (b)(2)(i) of this section, the respondent may also request a hearing conducted pursuant to 5 U.S.C. 554–557 to present the respondent's defenses to the imposition of a penalty and/or forfeiture and to offer any other information that the respondent believes should be included in the agency record prior to a final determination concerning the imposition of a penalty and/or forfeiture. A failure to request a hearing within 30 calendar

days of service of the prepenalty notice constitutes a waiver of a hearing.

(iii) *Right to request discovery prior to hearing.* The prepenalty notice shall also inform the respondent of the right to discovery prior to a requested hearing. Discovery must be requested in writing in the response provided for in paragraph (b)(2)(i) of this section, jointly with respondent's request for a hearing. A failure to file a request for discovery within 30 calendar days of service of the prepenalty notice constitutes a waiver of prehearing discovery.

(c) *Service.* The prepenalty notice, or any amendment or supplement thereto, shall be served upon the respondent. Service shall be presumed completed:

(1) Upon mailing a copy by registered or certified mail, return receipt requested, addressed to the respondent at the respondent's last known address; or

(2) Upon the mailing date stated in a date-stamped postal receipt presented by the Office of Foreign Assets Control with respect to any respondent who has refused, avoided, or in any way attempted to decline delivery, tender, or acceptance of the registered or certified letter or has refused to recover a registered or certified letter served; or

(3) Upon personal service by leaving a copy with the respondent or an officer, a managing or general agent, or any other agent authorized by appointment or by law to accept or receive service for the respondent and evidenced by a certificate of service signed and dated by the individual making such service, stating the method of service and the identity of the individual with whom the prepenalty notice was left; or

(4) Upon proof of service on a respondent who is not resident in the United States by any method of service permitted by the law of the jurisdiction in which the respondent resides or is located, provided the requirements of such foreign law satisfy due process requirements under United States law with respect to notice of administrative proceedings, and where applicable laws or intergovernmental agreements or understandings make the methods of service set forth in paragraphs (c)(1) through (3) of this section inappropriate or ineffective for service upon the nonresident respondent.

**§ 500.703 Response to prepenalty notice; requests for hearing and prehearing discovery; waiver; informal settlement.**

(a) *Deadline for response.* The respondent shall have 30 calendar days from the date of mailing or other service of the prepenalty notice pursuant to § 500.702(c) to respond thereto. The response, signed and dated, may be sent by facsimile transmission to the Office of Foreign Assets Control, at 202/622-1657, or by courier or other expedited means at any time during the 30-day response period if an original copy is sent concurrently via the U.S. Postal Service, registered or certified mail, return receipt requested. The date shown on the date-stamped registered or certified mail postal receipt will constitute the filing date of the response.

(b) *Form and contents of response—(1) In general.* The written response 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 be responsive to the allegations contained therein and set forth the nature of the respondent's defenses.

(i) The response must admit or deny specifically each separate allegation of violation made in the prepenalty notice. If the respondent is without knowledge as to an allegation, the response shall so state, and such statement shall operate as a denial. Failure to deny, controvert, or object to any allegation will be deemed an admission of that allegation.

(ii) The response must also set forth any additional or new matter or arguments the respondent seeks, or shall seek, to use in support of all defenses or claims for mitigation. Any defense or partial defense not specifically set forth in the response shall be deemed waived, and evidence thereon may be refused, except for good cause shown.

(iii) The response must also accurately state, for each respondent, the respondent's full name and address for future service, together with current telephone and, if applicable, facsimile machine numbers and area code. If respondent is represented by counsel, counsel's full name and address, together with telephone and facsimile

numbers and area code, may be provided in lieu of service information for the respondent. The respondent or respondent's counsel of record is responsible for providing timely written notice to the parties of any subsequent changes in the information provided.

(2) *Request for hearing and prehearing discovery; waiver.* Any request for an administrative hearing and prehearing discovery must be made, if at all, in the written response made pursuant to this section and within the 30 calendar day period specified in § 500.705(a). A failure to request a hearing and prehearing discovery in writing within 30 calendar days of service of the prepenalty notice constitutes a waiver of a hearing and prehearing discovery. A response asserting that respondent reserves the right to request a hearing or prehearing discovery beyond the 30 calendar day period is ineffectual.

(3) *Informal settlement; response deadline.* In addition or as an alternative to a written response to a prepenalty notice pursuant to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent is not required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30 calendar day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control. A failure to request a hearing and prehearing discovery in writing within 30 calendar days of service of the prepenalty notice constitutes a full waiver of a hearing and prehearing discovery.

**§ 500.704 Penalty imposition or withdrawal absent a hearing request.**

(a) *No violation.* If, in the absence of a timely hearing request, after considering any response to the prepenalty notice and any relevant facts, the Director determines that there was no violation by the respondent named in the prepenalty notice, the Director promptly shall notify the respondent in writing of that determination and that no civil monetary penalty or civil forfeiture pursuant to this subpart will be imposed.

(b) *Violation.* If, in the absence of a timely hearing request, after considering any response to the prepenalty notice and any relevant facts, the Director determines that there was a violation by the respondent named in the prepenalty notice, the Director promptly shall issue a written notice of the imposition by the Office of Foreign Assets Control of the civil monetary penalty and/or civil forfeiture and/or other available disposition with respect to that respondent.

(1) The penalty/forfeiture notice shall inform the respondent that payment of the assessed penalty must be made within 30 calendar days of the mailing of the penalty notice.

(2) The penalty/forfeiture notice shall inform the respondent of the requirement to furnish respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that the Department intends to use such number for the purposes of collecting and reporting on any delinquent penalty amount in the event of a failure to pay the penalty imposed.

**§ 500.705 Time and opportunity to request a hearing.**

(a) *Deadline for hearing request.* Within 30 calendar days of the date of mailing or other service of the prepenalty notice pursuant to § 500.702(c), the respondent may file a written request for an agency hearing conducted pursuant to this section, to present the respondent's defenses to the imposition of a penalty and/or forfeiture and to offer any other information for inclusion, if found admissible pursuant to § 500.715(a), into the agency record prior to a final determination concerning the

imposition of a penalty and/or forfeiture.

(b) *Content of written response.* If an agency hearing is requested by the respondent or by the respondent's counsel, the written hearing request must be accompanied by a written response to the prepenalty notice containing the information required by § 500.703(b)(1)(i) through (iii). An untimely hearing request or written response to the prepenalty notice constitutes a waiver of a hearing.

(c) *Signature of filings.* All hearing requests, motions, responses, interrogatories, requests for deposition transcripts, requests for protective orders, and all other filings relating to requests for and responses to discovery or pertaining to the hearing process, must be signed by each requesting party or, if represented, by each party's counsel.

(d) *Computation of time—(1) Final date on weekend or holiday.* Whenever the final date for any requirement of this part falls on a Saturday, Sunday, Federal holiday, or other day on which the Office of Foreign Assets Control is not open for the transaction of business during normal working hours, the time for filing will be extended to the close of business on the next working day.

(2) *Closing time.* The time for filing any document expires at 5:00 p.m. local Washington, DC time on the last day when such filing may be made.

**§ 500.706 Hearing.**

(a) *Notice of hearing.* (1) Any respondent requesting a hearing shall receive notice of the time and place of the hearing at the service address provided pursuant to § 500.703(b)(1)(iii). Requests to change the time and place of a hearing may be submitted to the Administrative Law Judge, who may modify the original notice or subsequently set hearing dates. All requests for a change in the time or place of a hearing must be received in the Administrative Law Judge's chambers and served upon the parties no later than 15 working days before the scheduled hearing date.

(2) The hearing shall be conducted in a manner consistent with 5 U.S.C. 554–557, pursuant to section 1710(c) of the Cuban Democracy Act of 1992 (22 U.S.C.

**§ 500.706**

**31 CFR Ch. V (7-1-02 Edition)**

6001-6010) and section 16 of the Trading with the Enemy Act (50 U.S.C. App. 16).

(b) *Powers.* The Administrative Law Judge shall have all powers necessary to conduct the hearing, consistent with 5 U.S.C. 554-557, including the following powers:

(1) To administer oaths and affirmations;

(2) To require production of records or any information relative to any act or transaction subject to this part, including the imposition of sanctions available under Federal Rule of Civil Procedure 37(b)(2) (Fed. R. Civ. P. 37(b)(2), 28 U.S.C.) for a party's failure to comply with discovery requests;

(3) To receive relevant and material evidence and to rule upon the admission of evidence and offers of proof;

(4) To take or cause depositions to be taken as authorized by this part;

(5) To regulate the course of the hearing and the conduct of the parties and their counsel;

(6) To hold scheduling or prehearing conferences as deemed necessary;

(7) To consider and rule upon all procedural and other motions appropriate in an adjudicatory proceeding, provided that only the Secretary or the Secretary's designee shall have the power to grant any motion to dismiss the proceeding or to decide any other motion that results in a final determination of the merits of the proceeding;

(8) To prepare and present to the Secretary or to the Secretary's designee a recommended decision as provided in §§ 500.711(d) and 500.716(e);

(9) To recuse himself on motion made by a party or on the Administrative Law Judge's own motion;

(10) To establish time, place, and manner limitations on the attendance of the public and the media for any public hearing;

(11) To perform all necessary or appropriate measures to discharge the duties of an Administrative Law Judge; and

(12) To set fees and expenses for witnesses, including expert witnesses.

(c) *Appearance and practice in a civil penalty hearing*—(1) *Appearance before an Administrative Law Judge by counsel.* Any member in good standing of the bar of the highest court of any state,

commonwealth, possession, or territory of the United States, or the District of Columbia may represent respondents upon written notice to the Administrative Law Judge in a civil penalty hearing.

(2) *Appearance before an Administrative Law Judge by a nonlawyer.* A respondent may appear on his own behalf; a duly authorized member of a partnership may represent the partnership; a duly authorized officer, director, or employee of any corporation may represent that corporation upon written notice to the Administrative Law Judge in a civil penalty hearing.

(3) *Office of Foreign Assets Control representation.* The Office of Foreign Assets Control shall be represented by the Office of General Counsel of the United States Department of the Treasury.

(d) *Conflicts of interest*—(1) *Conflict of interest in representation.* No individual shall appear as counsel for a party in a proceeding conducted pursuant to this subpart if it reasonably appears that such representation may be materially limited by that counsel's responsibilities to a third person, or by counsel's own interests.

(2) *Corrective measures.* The Administrative Law Judge may take corrective measures at any stage of a proceeding to cure a conflict of interest in representation, including the issuance of an order limiting the scope of representation or disqualifying an individual from appearing in a representative capacity for the duration of the proceeding.

(e) *Ex parte communications*—(1) *Definition.* The term *ex parte communication* means any material oral or written communication not on the public record concerning the merits of an adjudicatory proceeding with respect to which reasonable prior notice to all parties is not given, on any material matter or proceeding covered by these regulations that takes place between:

(i) A party to the proceeding, a party's counsel, or any other individual; and

(ii) The Administrative Law Judge handling that proceeding, or the Secretary, or the Secretary's designee.

(2) *Exceptions.* (i) A request to learn the status of the proceeding does not



constitute an ex parte communication; and

(ii) Settlement inquiries and discussions do not constitute ex parte communications.

(3) *Prohibition on ex parte communications.* From the time a respondent requests a hearing until the date that the Secretary or the Secretary's designee issues a final decision, no party, interested person, or counsel therefor shall knowingly make or cause to be made an ex parte communication. The Administrative Law Judge, the Secretary, and the Secretary's designee shall not knowingly make or cause to be made to a party, or to any interested person or counsel therefor, any ex parte communication.

(4) *Procedure upon occurrence of ex parte communication.* If an ex parte communication is received by the Administrative Law Judge, the Administrative Law Judge shall cause all such written communication (or, if the communication is oral, a memorandum stating the substance of the communication) to be placed on the record of the proceeding and served on all parties. All parties to the proceeding shall have an opportunity, within 10 calendar days of the receipt of service of the notice or of receipt of a memorandum of the ex parte communication, to file responses thereto and to recommend any sanctions, in accordance with paragraph (e)(5) of this section, appropriate under the circumstances, or may file an interlocutory appeal with the Secretary or the Secretary's designee.

(5) *Sanctions.* Any party to the proceeding, a party's counsel, or any other individual, who makes a prohibited ex parte communication, or who encourages or solicits another to make any such communication, may be subject to any appropriate sanction or sanctions imposed by the Administrative Law Judge for good cause shown, or that may be imposed upon interlocutory appeal taken to the Secretary or the Secretary's designee, including, but not limited to, exclusion from the hearing and an adverse ruling on the issue which is the subject of the prohibited communication.

(f) *Time limits.* Except as provided elsewhere in this subpart, the Adminis-

trative Law Judge shall establish all time limits for filings with regard to hearings conducted pursuant to this subpart, except for decisions on interlocutory appeals filed with the Secretary or the Secretary's designee.

(g) *Failure to appear.* The unexcused failure of a respondent to appear in person at a hearing or to have duly authorized counsel appear in respondent's place constitutes a waiver of the respondent's right to a hearing and is deemed an admission of the violation alleged. Without further proceedings or notice to the respondent, the Administrative Law Judge shall enter a finding that the right to a hearing was waived, and the case shall be determined pursuant to § 500.704.

#### § 500.707 Interlocutory appeal.

(a) *Interlocutory appeals.* When exceptions, requests for extensions, or motions, including motions for summary disposition, are denied by the Administrative Law Judge, interlocutory appeals may be taken to the Secretary or to the Secretary's designee for a decision.

(b) *Filing deadline.* Interlocutory appeals must be filed no later than 15 calendar days after the matter being appealed has been decided in writing by the Administrative Law Judge. Parties may request that the Administrative Law Judge transmit the written decision to the parties by facsimile transmission, courier, or other expedited means in addition to service of the decision via the U.S. Postal Service by registered or certified mail, return receipt requested. Such requests must be supported by a written statement of need for expedited delivery. Timely filing of the interlocutory appeal shall be determined by the date stated on the date-stamped registered or certified mail postal receipt.

(c) *Manner of filing.* Interlocutory appeals to the Secretary or the Secretary's designee must be filed by facsimile transmission to 202/622-1188, courier, or other expedited means, and sent concurrently by registered or certified mail, return receipt requested, to the Secretary's Office, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, with

## § 500.708

the envelope prominently marked “Attention: OFAC Interlocutory Appeal.” Expedited service must also be made upon the Administrative Law Judge and all parties or, if represented, their counsel, with certified copies sent concurrently by registered or certified mail, return receipt requested.

### § 500.708 Settlement during hearing proceedings.

Any party may, at any time during the hearing, unilaterally submit written offers or proposals for settlement of a proceeding to the Secretary or the Secretary’s designee, at the address listed in § 500.707(c). Submission of a written settlement offer does not provide a basis for adjourning or otherwise delaying all or any portion of a hearing. No settlement offer or proposal, nor any subsequent negotiation or resolution, is admissible as evidence in any hearing before this tribunal.

### § 500.709 Motions.

(a) *Written motions.* Except as otherwise specifically provided herein, an application or request for an order or ruling must be made by written motion, in typed format.

(1) All written motions must state with particularity the relief sought and must be accompanied by a proposed order.

(2) No oral argument may be held on written motions unless directed by the Administrative Law Judge. Written memoranda, briefs, affidavits, and other relevant material and documents may be filed in support of or in opposition to a motion.

(b) *Oral motions.* A motion may be made orally on the record unless the Administrative Law Judge directs that such motion be made in writing.

(c) *Filing of motions—(1) In general.* Motions by respondents must be filed with the Administrative Law Judge and served upon the Office of the Chief Counsel, Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, with the envelope prominently marked “Urgent: Annex—Room 3133,” unless otherwise directed by the Administrative Law Judge. Motions by the Office of Foreign Assets Control must be filed with the Administrative

## 31 CFR Ch. V (7–1–02 Edition)

Law Judge and with each respondent or respondent’s counsel. Motions may also be concurrently sent by facsimile transmission, courier, or other expedited means.

(2) *Interlocutory appeals.* Motions related to interlocutory appeals to the Secretary or the Secretary’s designee must be filed by facsimile transmission to 202/622–1188, by courier, or by other expedited means, and sent concurrently by registered or certified mail, return receipt requested, to the Secretary’s Office, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, with the envelope prominently marked “Attention: OFAC Interlocutory Appeal.” Expedited service must also be made upon the Administrative Law Judge and all parties or, if represented, their counsel, with certified copies sent concurrently by registered or certified mail, return receipt requested.

(d) *Responses.* (1) Any party may file a written response to a motion within 20 calendar days of the date of its mailing, by registered or certified mail pursuant to this subpart. If directed by the Administrative Law Judge, the time period in which to respond may be shortened or extended. The Administrative Law Judge may allow each party to file a response before finally ruling upon any oral or written motion. The Administrative Law Judge may allow a rejoinder to responses for good cause shown. If a rejoinder is permitted, it must be filed within 15 calendar days of the date the response was filed and served upon all parties.

(2) The failure of a party to oppose a written motion or an oral motion made on the record is deemed to be consent by that party to the entry of an order substantially in the form of any proposed order accompanying the motion.

(e) *Dilatory motions.* Frivolous, dilatory, or repetitive motions are prohibited. The filing of such motions may form the basis for sanctions.

### § 500.710 Discovery.

(a) *In general.* The availability of information and documents through discovery is subject to the agency’s assertion of privileges available to OFAC and/or to the Treasury and to the application of all exemptions afforded the

agency pursuant to the Freedom of Information Act (5 U.S.C. 552(b)(1) through (9)) and the Privacy Act (5 U.S.C. 552a) to all facets of discovery, including interrogatories, depositions that seek the release of trade secrets, proprietary materials, third-party confidential and/or commercially sensitive materials, placement of information, documents and/or materials under seal and/or protective order, and interlocutory appeals to the Secretary or the Secretary's designee from any decision of the Administrative Law Judge.

(b) *Types of discovery.* Parties may obtain discovery by one or more of the following methods: depositions upon oral examination or written questions; written interrogatories; production of documents or other evidence for inspection; and requests for admission. All depositions of Federal employees must take place in Washington, DC, at the U.S. Treasury Department or at the location where the Federal employee to be deposed performs his duties, whichever the Federal employee's supervisor or the Office of the Chief Counsel, Foreign Assets Control shall deem appropriate. All depositions of Federal employees shall be held at a mutually agreed upon date and time, and for a mutually agreed upon length of time.

(c) *Interrogatories.* Respondent's interrogatories must be served upon the Office of the Chief Counsel, Foreign Assets Control within 20 calendar days of respondent's written request for a hearing. The Office of Foreign Assets Control's interrogatories must be served within 30 calendar days of the receipt of service of respondent's interrogatories or within 30 calendar days of the receipt of respondent's written request for a hearing if no interrogatories are filed by respondent by that time. Parties have 30 calendar days to respond to interrogatories from the date interrogatories are received. Interrogatories shall be limited to 20 questions only. Each subpart, section, or other designation of a part of a question shall be counted as one complete question in computing the permitted 20 question total. Where more than 20 questions are served upon a party, the receiving party may determine which

of the 20 questions the receiving party shall answer.

(d) *Scope.* Parties may obtain discovery regarding any matter not privileged which has material relevance to the merits of the pending action. It is not a ground for objection that the information sought will be inadmissible at the hearing if the information sought appears reasonably calculated to lead to discovery of admissible evidence. The Administrative Law Judge may make any order which justice requires to ensure that requests are not unreasonable, oppressive, excessive in scope or unduly burdensome, including the issuance of an order to show cause why a particular discovery request is justified upon the motion of the objecting party.

(e) *Privileged matter.* Privileged documents are not discoverable. Privileges include, inter alia, the attorney-client privilege, attorney work-product privilege, any government's or government agency's deliberative-process or classified information privilege, including materials classified pursuant to Executive Order 12958 (3 CFR, 1995 Comp., p. 333) and any future Executive orders that may be issued relating to the treatment of national security information, and all materials and information exempted from release to the public pursuant to the Privacy Act (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552(b)(1) through (9)).

(f) *Updating discovery.* Whenever a party receives new or additional information or documentation, all information produced, and all information required to be provided pursuant to the discovery and hearing process, must automatically be updated. The Administrative Law Judge may impose sanctions for failure to update, including prohibiting opposition to claims or defenses raised, striking pleadings or staying proceedings, dismissing the action or any part thereof, rendering a judgment by default, and holding a party in contempt.

(g) *Time limits.* All discovery, including all responses to discovery requests, shall be completed no later than 20 calendar days prior to the date scheduled for the commencement of the hearing. No exceptions to this time limit shall

## § 500.711

## 31 CFR Ch. V (7-1-02 Edition)

be permitted, unless the Administrative Law Judge finds on the record that good cause exists for waiving the requirements of this paragraph (g).

### § 500.711 Summary disposition.

(a) *In general.* The Administrative Law Judge shall recommend that the Secretary or the Secretary's designee issue a final order granting a motion for summary disposition if the facts of the record show that:

(1) There is no genuine issue as to any material fact; and

(2) The moving party is entitled to a decision in its favor as a matter of law.

(b) *Filing of motions and responses.* (1) Any party who believes that there is no genuine issue of material fact to be determined and that such party is entitled to a decision as a matter of law may move at any time for summary disposition in its favor of all or any part of the proceeding. Any party, within 20 calendar days after service of such a motion, or within such time period as allowed by the Administrative Law Judge, may file a response to such motion.

(2) A motion for summary disposition must be accompanied by a statement of the material facts as to which the moving party contends there is no genuine issue. Such motion must be supported by documentary evidence, which may take the form of admissions in pleadings, stipulations, depositions, transcripts, affidavits, and any other evidentiary materials that the moving party contends support its position. The motion must also be accompanied by a brief containing the points and authorities in support of the moving party's arguments. Any party opposing a motion for summary disposition must file a statement setting forth those material facts as to which such party contends a genuine dispute exists. The opposition must be supported by evidence of the same type as that submitted with the motion for summary disposition and a brief containing the points and authorities in support of the contention that summary disposition would be inappropriate.

(c) *Hearing on motion.* At the request of any party or on his or her own motion, the Administrative Law Judge

may hear oral argument on the motion for summary disposition.

(d) *Decision on motion.* Following receipt of a motion for summary disposition and all responses thereto, the Administrative Law Judge shall determine whether the moving party is entitled to summary disposition. If the Administrative Law Judge determines that summary disposition is warranted, he or she shall submit a recommended decision to that effect to the Secretary. If the Administrative Law Judge finds that no party is entitled to summary disposition, he or she shall make a ruling denying the motion.

(e) *Interlocutory appeal.* Following receipt of the Administrative Law Judge's recommended decision relating to summary disposition, each party has the right to an interlocutory appeal to the Secretary or the Secretary's designee. The interlocutory appeal must be filed within 20 calendar days immediately following the Administrative Law Judge's recommended decision.

(f) *Partial summary disposition.* If the Administrative Law Judge determines that a party is entitled to summary disposition as to certain claims only, the Administrative Law Judge shall defer submission of a recommended decision as to those claims. A hearing on the remaining issues must be ordered and those claims for which the Administrative Law Judge has determined that summary disposition is warranted will be addressed in the recommended decision filed at the conclusion of the hearing.

### § 500.712 Prehearing conferences and submissions.

(a) *Prehearing conferences.* The Administrative Law Judge may, on his or her own motion, or at the request of any party for good cause shown, direct counsel for the parties to meet with him or her (in person, by telephone, or by teleconference) at a prehearing conference to address any or all of the following:

(1) Simplification and clarification of the issues;

(2) Stipulations, admissions of fact, and the contents, authenticity and admissibility into evidence of documents;

(3) Matters of which official notice may be taken;

(4) Limitation of the number of witnesses;

(5) Summary disposition of any or all issues;

(6) Resolution of discovery issues or disputes; and

(7) Such other matters as may aid in the orderly disposition of the proceeding.

(b) *Prehearing orders.* At, or within a reasonable time following the conclusion of, any prehearing conference, the Administrative Law Judge shall serve on each party an order setting forth any agreements reached and any procedural determinations made.

(c) *Prehearing submissions.* Within 40 calendar days of the receipt of respondent's request for a hearing or at a time set by the Administrative Law Judge, the Office of Foreign Assets Control shall serve on the respondent and upon the Administrative Law Judge, the following:

(1) Stipulations of fact, if any;

(2) A list of the exhibits to be introduced at the hearing along with a copy of each exhibit; and

(3) A list of witnesses to be called to testify at the hearing, including the name and address of each witness and a short summary of the expected testimony of each witness.

(d) *Deadline for respondent's and the other parties' submissions.* Unless for good cause shown the Administrative Law Judge permits an extension of time to file, the respondent and the other parties shall have 20 calendar days from the date of the submission by the Office of Foreign Assets Control of the items set forth in paragraph (c) of this section, and/or of any other party's service of items set forth in this paragraph (d), to serve upon the Administrative Law Judge and all parties, the following:

(1) Its response to stipulations of fact, if any;

(2) A list of the exhibits to be introduced at the hearing along with a copy of each exhibit; and

(3) A list of witnesses to be called to testify at the hearing, including the name and address of each witness and a short summary of the expected testimony of each witness.

(e) *Effect of failure to comply.* No witness may testify and no exhibits may be introduced at the hearing if such witness or exhibit is not listed in the prehearing submissions pursuant to paragraphs (c) and (d) of this section, except for good cause shown.

#### § 500.713 Public hearings.

(a) *In general.* All hearings shall be open to the public, unless the Administrative Law Judge, at his or her discretion, determines at any time prior to or during the hearing, that holding an open hearing would be contrary to the public interest. Within 20 calendar days of service of the notice of hearing from the Administrative Law Judge, any party may file with the Administrative Law Judge a request for a closed hearing, and any party may file a pleading in reply to such a request. Failure to file a request or a reply is deemed a waiver of any objections regarding whether the hearing will be public or closed.

(b) *Filing document under seal.* (1) The Office of Foreign Assets Control may file any document or any part of a document under seal if disclosure of the document would be inconsistent with the protection of the public interest or if justice requires protection of any person, including a source or a party, from annoyance, threat, oppression, or undue burden or expense, or the disclosure of the information would be, or might reasonably lead to a disclosure, contrary to Executive Order 12958 or other Executive orders concerning disclosure of information, U.S. Treasury Department regulations, the Privacy Act, or the Freedom of Information Act.

(2) The Administrative Law Judge shall also safeguard the security and integrity of any documents under seal and shall take all appropriate steps to preserve the confidentiality of such documents or any parts thereof, including closing portions of the hearing to the public. Release of any information under seal, in any form or manner, is subject to the same sanctions and the exercise of the same authorities as are provided with respect to ex parte communications under paragraph (e)(5) of this section.

(3) Should the Administrative Law Judge deny placement of any documents under seal or under protective order, any party, and any person whose documents or materials are at issue, may file an interlocutory appeal to the Secretary or the Secretary's designee. In such cases the Administrative Law Judge must not release or expose any of the records or documents in question to the public or to any other parties for a period of 20 calendar days from the date of the Administrative Law Judge's ruling, in order to permit a petitioner the opportunity either to withdraw the records and documents or to file an interlocutory appeal with the Secretary or the Secretary's designee requesting an order that the records be placed under seal.

(4) Upon settlement, final decision, or motion to the Administrative Law Judge for good cause shown, all materials (including all copies) under seal or protective order shall be returned to the respective parties, except when it may be necessary to retain a record until the judicial process is completed.

(5) Written notice of all requests for release of protected documents or materials shall be given to the parties registered with the Administrative Law Judge at least 20 calendar days prior to any permitted release and prior to any access not specifically authorized under the protective order. A copy of all requests for information, including the name, address, and telephone number of the requester, shall be provided to the petitioner. Each request for access to protected material must also provide the names, addresses, and telephone numbers of all persons represented by the requester, including those on whose behalf the requester seeks access to protected information. The Administrative Law Judge shall impose sanctions provided under § 500.706(e)(4) and (e)(5) for failure to provide this information.

#### § 500.714 Conduct of hearings.

(a) *In general*—(1) *Overview*. Hearings shall be conducted to provide a fair and expeditious presentation of the relevant disputed issues and facts. Each party has the right to present its case or defense by oral and documentary evidence and to conduct such cross ex-

amination as may be required for full disclosure of the relevant facts.

(2) *Order of hearing*. The Office of Foreign Assets Control shall present its case-in-chief first, unless otherwise ordered in advance by the Administrative Law Judge or otherwise expressly specified by law or regulation. The Office of Foreign Assets Control shall be the first party to present an opening statement and a closing statement and may make a rebuttal statement after the respondent's closing statement.

(3) *Stipulations*. Unless the Administrative Law Judge directs otherwise, all stipulations of fact and law previously agreed upon by the parties, and all documents, the admissibility of which has been previously stipulated, will be admitted into evidence upon commencement of the hearing.

(b) *Transcript*. A record of the hearing shall be made by manual or electronic means, including through the use of audio recorded diskettes or audio-visual cassettes, and transcribed unless the Administrative Law Judge rules otherwise. The transcript shall be made available to any party upon payment of the cost thereof. The Administrative Law Judge shall have authority to order the record corrected, either upon a motion to correct, upon a motion to stipulate by the parties for good cause shown, or following notice to the parties upon the Administrative Law Judge's own motion. The Administrative Law Judge shall serve notice upon all parties, at the addresses provided by the parties pursuant to § 500.703(b)(1)(iii), that the certified transcript, together with all hearing exhibits and exhibits introduced but not admitted into evidence at the hearing, has been filed with the Administrative Law Judge.

#### § 500.715 Evidence.

(a) *Admissibility*. (1) Except as is otherwise set forth in this section, evidence that is relevant and material is admissible to the fullest extent authorized by the Administrative Procedure Act and other applicable law.

(2) Evidence may be excluded if it is misleading or its probative value is substantially outweighed by the danger of unfair prejudice or confusion of the issues, or considerations of undue

delay, waste of time, or needless presentation of cumulative evidence.

(3) Evidence that would be inadmissible under the Federal Rules of Evidence need not be deemed or ruled to be inadmissible in a proceeding conducted pursuant to this subpart if such evidence is relevant and material, and not unduly repetitive.

(b) *Official notice.* (1) Official notice may be taken of any material fact which may be judicially noticed by a United States district court.

(2) All matters officially noticed by the Administrative Law Judge shall appear on the record.

(3) If official notice is requested or taken of any material fact, the parties, upon timely request, shall be afforded an opportunity to object.

(c) *Duplicate copies.* A duplicate copy of a document is admissible to the same extent as the original, unless a genuine issue is raised as to whether the copy is in some material respect not a true and legible copy of the original.

(d) *Objections to admissibility of evidence.* Objections to the admissibility of evidence must be timely made and rulings on all objections must appear on the record. Failure to object to admission of evidence or to any ruling constitutes a waiver of the objection.

(e) *Rejected exhibits.* The Administrative Law Judge shall retain rejected exhibits, adequately marked for identification, in the event of an interlocutory appeal.

(f) *Stipulations.* The parties may stipulate as to any relevant matters of fact or to the authenticity of any relevant documents. Such stipulations may be received into evidence at a hearing and are binding on the parties with respect to the matters therein stipulated.

(g) *Depositions of unavailable witnesses.* If a witness is unavailable to testify at a hearing, and that witness has testified in a deposition within the United States to which all parties to the proceeding have received timely notice and an opportunity to participate, a party may offer as evidence all or any part of the transcript of the deposition, including deposition exhibits. All costs of depositions shall be borne by the party requesting the deposition.

**§ 500.716 Proposed decisions; recommended decision of Administrative Law Judge; final decision.**

(a) *Proposed decisions.* Any party may file with the Administrative Law Judge a proposed decision within 30 calendar days after the parties have received notice that the transcript has been filed with the Administrative Law Judge, unless otherwise ordered by the Administrative Law Judge.

(b) *Reliance on relevant authorities.* The proposed decision must be supported by citation to relevant authorities and by transcript page references to any relevant portions of the record. At the same time the proposed decision is filed, a post-hearing brief may be filed in support. The post-hearing brief shall be filed either as part of the same document or in a separate document.

(c) *Reply briefs.* Reply briefs may be filed within 15 calendar days after the date on which the parties' proposed decision is due. Reply briefs must be strictly limited to responding to new matters, issues, or arguments raised in another party's papers. A party who has not filed a proposed decision or a post-hearing brief may not file a reply brief.

(d) *Simultaneous filing required.* Absent a showing of good cause for the use of another procedure, the Administrative Law Judge shall not order the filing by any party of any brief or reply brief in advance of the other party's filing of its brief.

(e) *Recommended decision and filing of record.* Within 45 calendar days after expiration of the time allowed for filing reply briefs, the Administrative Law Judge shall file with and certify to the Secretary or the Secretary's designee the record of the proceeding and the decision. The record must include the Administrative Law Judge's recommended decision, including a determination either that there was no violation by the person named in the prepenalty notice, or that there was a violation by the person named in the prepenalty notice, and the recommended monetary penalty and/or civil forfeiture and/or other disposition available to the Office of Foreign Assets Control. In addition to the proposed decision, the record must include all prehearing and hearing transcripts,

## § 500.717

exhibits, and rulings, and the motions, briefs, memoranda, and other supporting papers filed in connection with the hearing. The Administrative Law Judge shall have the recommended decision served upon each party.

(f) *Exceptions to the recommended decision.* When the Administrative Law Judge has issued his recommended decision, the Administrative Law Judge or his representative shall contact each party by telephone at the telephone number provided by each party pursuant to § 500.703(b)(1)(iii). Within 3 calendar days of telephoning the parties, the recommended decision shall be mailed by the Administrative Law Judge to the parties. A party may file written exceptions to the recommended decision with the Secretary or the Secretary's designee within 30 calendar days of the date the telephone call is placed by the Administrative Law Judge or his representative. A supporting brief may be filed at the time the exceptions are filed.

(g) *Final decision.* The final decision of the Secretary or the Secretary's designee shall be based on a review of the Administrative Law Judge's recommended decision and the entire record of the proceeding. The final written decision shall be provided to all parties.

## § 500.717 Judicial review.

Any person may seek judicial review as provided under 5 U.S.C. 702 for a penalty and/or forfeiture imposed pursuant to this part.

## § 500.718 Referral to United States Department of Justice; administrative collection measures.

In the event that the respondent does not pay the penalty imposed pursuant to this part within 30 calendar days of the mailing of the written notice of the imposition of the penalty, the matter may be referred for administrative collection measures or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in a Federal district court.

## 31 CFR Ch. V (7-1-02 Edition)

### Subpart H—Procedures

#### § 500.801 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 subpart D of part 501 of this chapter.

[62 FR 45101, Aug. 25, 1997]

#### § 500.802 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to the Trading With the Enemy Act may be taken by any person to whom the Secretary of the Treasury has delegated authority so to act.

[15 FR 9040, Dec. 19, 1950. Redesignated at 62 FR 45101, Aug. 25, 1997]

#### § 500.803 Customs procedures; merchandise specified in § 500.204.

(a) With respect to merchandise specified in § 500.204, whether or not such merchandise has been imported into the United States, directors of customs shall not accept or allow any:

(1) Entry for consumption (including any appraisement entry, any entry of goods imported in the mails, regardless of value, or any other informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Transfer or withdrawal from a foreign-trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign-trade zone, until either;

(i) A specific license pursuant to this chapter is presented; or,

(ii) Instructions from the Foreign Assets Control, authorizing the transaction are received.

(b) Whenever a specific license is presented to a director of customs in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document



with respect to the merchandise involved shall be filed with the director of customs at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, shall bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license shall be presented to the director in respect to each such transaction and shall bear a notation in ink by the licensee or person presenting the license showing the description, quantity, and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation should be so placed and so written that there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal or other transaction with regard to the merchandise, the director, or other authorized customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the director to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220.

(c) Whenever a person shall present an entry, withdrawal or other appropriate document affected by this section and shall assert that no specific Foreign Assets Control license is required in connection therewith, the director of customs shall withhold action thereon and shall advise such person to communicate directly with the Office of Foreign Assets Control to request that instructions be issued to the director to authorize him to take action with regard thereto.

[40 FR 7651, Feb. 21, 1975, as amended at 57 FR 1387, Jan. 14, 1992. Redesignated at 62 FR 45101, Aug. 25, 1997]

## Subpart I—Miscellaneous Provisions

### § 500.901 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. The information collection requirement in § 500.602 has been approved by the Office of Management and Budget and assigned control number 1505-0160.

[62 FR 45101, Aug. 25, 1997, as amended at 62 FR 64722, Dec. 9, 1997]

#### APPENDIX A TO PART 500—QUALIFYING INTERNATIONAL INSTITUTIONS

Asian Development Bank (ADB)  
 Food and Agricultural Organization (FAO)  
 International Bank for Reconstruction and Development (IBRD, the “World Bank”)  
 International Civil Aviation Organization (ICAO)  
 International Development Association (IDA)  
 International Finance Corporation (IFC)  
 International Fund for Agricultural Development (IFAD)  
 International Labor Organization (ILO)  
 International Maritime Organization (IMO)  
 International Monetary Fund (IMF)  
 Multilateral Investment Guarantee Association (MIGA)  
 UN Capital Development Fund (UNCDF)  
 UN Children’s Fund (UNICEF)  
 UN Development Fund for Women (UNDFW)  
 UN Development Program (UNDP)  
 UN Economic & Social Commission for Asian and the Pacific (UNESCAP)  
 UN Education, Scientific and Cultural Organization (UNESCO)  
 UN Environment Program (UNEP)  
 UN Food Program (UNFP)  
 UN Industrial Development Organization (UNIDO)  
 UN International Drug Control Program (UNIDCP)  
 UN Population Fund (UNPF)

**Pt. 501**

World Health Organization (WHO)  
World Meteorological Organization (WMO)

[58 FR 68532, Dec. 28, 1993]

**PART 501—REPORTING AND  
PROCEDURES REGULATIONS**

**Subpart A—Relation of This Part to Other  
Parts in This Chapter**

Sec.

501.101 Relation of this part to other parts  
in this chapter.

**Subpart B—Definitions**

501.301 Definitions.

**Subpart C—Reports**

- 501.601 Records and recordkeeping require-  
ments.
- 501.602 Reports to be furnished on demand.
- 501.603 Reports on blocked property.
- 501.604 Reports by U.S. financial institu-  
tions on rejected funds transfers.
- 501.605 Reports on litigation, arbitration,  
and dispute resolution proceedings.
- 501.606 Reporting and recordkeeping re-  
quirements applicable to economic sanc-  
tions programs.

**Subpart D—Procedures**

- 501.801 Licensing.
- 501.802 Decisions.
- 501.803 Amendment, modification, or rev-  
ocation.
- 501.804 Rulemaking.
- 501.805 Rules governing availability of in-  
formation.
- 501.806 Procedures for unblocking funds be-  
lieved to have been blocked due to mis-  
taken identity.
- 501.807 Procedures governing removal of  
names from appendices A, B, and C to  
this chapter.
- 501.808 License application and other proce-  
dures applicable to economic sanctions  
programs.

**Subpart E—Paperwork Reduction Act**

501.901 Paperwork Reduction Act notice.

AUTHORITY: 21 U.S.C. 1901–1908; 22 U.S.C.  
287c; 31 U.S.C. 321(b); 50 U.S.C. 1701–1706; 50  
U.S.C. App. 1–44.

SOURCE: 62 FR 45101, Aug. 25, 1997, unless  
otherwise noted.

**31 CFR Ch. V (7–1–02 Edition)**

**Subpart A—Relation of This Part to  
Other Parts in This Chapter**

**§ 501.101 Relation of this part to other  
parts in this chapter.**

This part sets forth standard report-  
ing and recordkeeping requirements  
and license application and other proce-  
dures governing transactions regu-  
lated pursuant to other parts codified  
in this chapter, as well as to economic  
sanctions programs for which imple-  
mentation and administration are dele-  
gated to the Office of Foreign Assets  
Control. Substantive prohibitions and  
policies particular to each economic  
sanctions program are not contained in  
this part but are set forth in the par-  
ticular part of this chapter dedicated  
to that program, or, in the case of eco-  
nomic sanctions programs not yet im-  
plemented in regulations, in the appli-  
cable executive order or other author-  
ity. License application procedures and  
reporting requirements set forth in  
this part govern transactions under-  
taken pursuant to general or specific  
licenses. The criteria for general and  
specific licenses pertaining to a par-  
ticular economic sanctions program  
are set forth in subpart E of the indi-  
vidual parts in this chapter. State-  
ments of licensing policy contained in  
subpart E of the individual parts in  
this chapter, however, may contain ad-  
ditional information collection provi-  
sions that require production of speci-  
fied documentation unique to a given  
general license or statement of licens-  
ing policy.

[62 FR 52494, Oct. 8, 1997]

**Subpart B—Definitions**

**§ 501.301 Definitions.**

Definitions of terms used in this part  
are found in subpart C of the part with-  
in this chapter applicable to the rel-  
evant application, record, report, pro-  
cedure or transaction. In the case of  
economic sanctions programs for which  
implementation and administration  
are delegated to the Office of Foreign  
Assets Control but for which regula-  
tions have not yet been issued, the  
definitions of terms in this part are  
governed by definitions contained in

the implementing statute or Executive order.

### Subpart C—Reports

#### § 501.601 Records and recordkeeping requirements.

Except as otherwise provided, every person engaging in any transaction subject to the provisions of this chapter shall keep a full and accurate record of each such transaction engaged in, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least 5 years after the date of such transaction. Except as otherwise provided, every person holding property blocked pursuant to the provisions of this chapter or funds transfers retained pursuant to § 596.504(b) of this chapter shall keep a full and accurate record of such property, and such record shall be available for examination for the period of time that such property is blocked and for at least 5 years after the date such property is unblocked.

NOTE: See subpart F of part 597 for the relationship between this section and part 597. [62 FR 45101, Aug. 25, 1997, as amended at 62 FR 52494, Oct. 8, 1997]

#### § 501.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required by the Director, Office of Foreign Assets Control, complete information relative to any transaction, regardless of whether such transaction is effected pursuant to license or otherwise, subject to the provisions of this chapter or relative to any property in which any foreign country or any national thereof has any interest of any nature whatsoever, direct or indirect. The Director may require that such reports include the production of any books of account, contracts, letters or other papers connected with any such transaction or property, in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. Except as provided in parts 596

and 597, the Director may, through any person or agency, conduct investigations, hold hearings, administer oaths, examine witnesses, receive evidence, take depositions, and require by subpoena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to any matter under investigation, regardless of whether any report has been required or filed in connection therewith.

NOTE: See subpart F of part 597 for the relationship between this section and part 597. [62 FR 45101, Aug. 25, 1997, as amended at 62 FR 52494, Oct. 8, 1997]

#### § 501.603 Reports on blocked property.

(a) *Who must report*—(1) *Holders of blocked property.* Any person, including a financial institution, holding property blocked pursuant to this chapter must report. The requirement includes financial institutions that receive and block payments or transfers. This requirement is mandatory and applies to all U.S. persons (or persons subject to U.S. jurisdiction in the case of parts 500 and 515 of this chapter) who have in their possession or control any property or interests in property blocked pursuant to this chapter.

(2) *Primary responsibility to report.* A report may be filed on behalf of a holder of blocked property by an attorney, agent, or other person. Primary responsibility for reporting blocked property, however, rests with the actual holder of the property, or the person exercising control over property located outside the United States, with the following exceptions: primary responsibility for reporting any trust assets rest with the trustee; and primary responsibility for reporting real property rests with any U.S. co-owner, legal representative, agent, or property manager in the United States. No person is excused from filing a report by reason of the fact that another person has submitted a report with regard to the same property, except upon actual knowledge of the report filed by such other person. Reports filed are regarded as privileged and confidential.

(3) *Financial institutions.* For purposes of this section, the term “financial institution” shall include a banking institution, domestic bank, United

## § 501.604

## 31 CFR Ch. V (7-1-02 Edition)

States depository institution, financial institution, or U.S. financial institution, as those terms are defined in the applicable part of this chapter.

(b) *What must be reported*—(1) *Initial reports*—(i) *When reports are due*. Reports are required to be filed within 10 business days from the date that property becomes blocked. This reporting requirement includes payments or transfers that are received and blocked by financial institutions.

(ii) *Contents of reports*. Initial reports on blocked property shall describe the owner or account party, the property, its location, any existing or new account number or similar reference necessary to identify the property, actual or estimated value and the date it was blocked, and shall include the name and address of the holder, along with the name and telephone number of a contact person from whom compliance information can be obtained. If the report is filed by a financial institution and involves the receipt of a payment or transfer of funds which are blocked by the financial institution, the report shall also include a photocopy of the payment or transfer instructions received and shall confirm that the payment has been deposited into a new or existing blocked account which is labeled as such and is established in the name of, or contains a means of clearly identifying the interest of, the individual or entity subject to blocking pursuant to the requirements of this chapter.

(2) *Annual reports*—(i) *When reports are due*. A comprehensive report on all blocked property held as of June 30 of the current year shall be filed annually by September 30. The first annual report is due September 30, 1997.

(ii) *Contents of reports*. Annual reports shall be filed using Form TDF 90-22.50, Annual Report of Blocked Property. Copies of Form TDF 90-22.50 may be obtained directly from the Office of Foreign Assets Control, by calling the fax-on-demand service maintained by the Office of Foreign Assets Control at 202/622-0077, or by downloading the form from the “OFAC Press Releases and Miscellaneous Documents” file library (“FAC’72’≤ MISC”) located on the Government Printing Office’s Federal Bulletin Board Online via GPO Access

(Internet site: [http://fedbbs.access.gpo.gov/lib/fac’72’≤\\_misc.htm](http://fedbbs.access.gpo.gov/lib/fac’72’≤_misc.htm)). Photocopies of the report form may be used. Requests to submit the information required on Form TDF 90-22.50 in an alternative format developed by the reporter are invited and will be considered by the Office of Foreign Assets Control on a case-by-case basis. A copy of reports filed using form TDF 90-22.50 or in alternative formats must be retained for the reporter’s records.

(c) *Reports on retained funds pursuant to § 596.504(b) of this chapter*. The reporting requirements set forth in this section are applicable to any financial institution retaining funds pursuant to § 596.504(b) of this chapter, except that the account name shall reflect the name of the person whose interest required retention of the funds.

(d) *Where to report*. All reports must be filed with the Office of Foreign Assets Control, Compliance Programs Division, U.S. Treasury Department, 1500 Pennsylvania Avenue NW.—Annex, Washington, DC 20220.

NOTE: See subpart F of part 597 for the relationship between this section and part 597.

[62 FR 45101, Aug. 25, 1997, as amended at 62 FR 52495, Oct. 8, 1997]

### § 501.604 Reports by U.S. financial institutions on rejected funds transfers.

(a) *Who must report*. Any financial institution that rejects a funds transfer where the funds are not blocked under the provisions of this chapter, but where processing the transfer would nonetheless violate, or facilitate an underlying transaction that is prohibited under, other provisions contained in this chapter, must report. For purposes of this section, the term “financial institution” shall include a banking institution, depository institution or United States depository institution, domestic bank, financial institution or U.S. financial institution, as those terms are defined in the applicable part of this chapter.

(b) *Rejected transfers*. Examples of transactions involving rejected funds transfers include funds transfer instructions:

(1) Referencing a blocked vessel but where none of the parties or financial

institutions involved in the transaction is a blocked person;

(2) Sending funds to a person in Iraq;

(3) Transferring unlicensed gifts or charitable donations from the Government of Syria or Sudan to a U.S. person;

(4) Crediting Iranian accounts on the books of a U.S. financial institution; and

(5) Making unauthorized transfers from U.S. persons to Iran or the Government of Iran.

(c) *When reports are due.* Reports are required to be filed within 10 business days by any financial institution rejecting instructions to execute payments or transfers involving underlying transactions prohibited by the provisions of this chapter.

(d) *What must be reported.* The report shall include the name and address of the transferee financial institution, the date of the transfer, the amount of the payment transfer, and a photocopy of the payment or transfer instructions received, and shall state the basis for the rejection of the transfer instructions. The report shall also provide the name and telephone number of a contact person at the transferee financial institution from whom compliance information may be obtained.

(e) *Where to report.* Reports must be filed with the Office of Foreign Assets Control, Compliance Programs Division, U.S. Treasury Department, 1500 Pennsylvania Avenue NW.—Annex, Washington, DC 20220.

**§ 501.605 Reports on litigation, arbitration, and dispute resolution proceedings.**

(a) U.S. persons (or persons subject to the jurisdiction of the United States in the case of parts 500 and 515 of this chapter) participating in litigation, arbitration, or other binding alternative dispute resolution proceedings in the United States on behalf of or against persons whose property or interests in property are blocked or whose funds have been retained pursuant to § 596.504(b) of this chapter, or when the outcome of any proceeding may affect blocked property or retained funds, must:

(1) Provide notice of such proceedings upon their commencement or upon sub-

mission or receipt of documents bringing the proceedings within the terms of the introductory text to this paragraph (a);

(2) Submit copies of all pleadings, motions, memoranda, exhibits, stipulations, correspondence, and proposed orders or judgments (including any proposed final judgment or default judgment) submitted to the court or other adjudicatory body, and all orders, decisions, opinions, or memoranda issued by the court, to the Chief Counsel, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220, within 10 days of filing, submission or issuance. This paragraph (a)(2) shall not apply to discovery requests or responses, documents filed under seal, or requests for procedural action not seeking action dispositive of the proceedings (such as requests for extension of time to file); and

(3) Report by immediate facsimile transmission to the Chief Counsel, Office of Foreign Assets Control, at facsimile number 202/622-1911, the scheduling of any hearing or status conference in the proceedings whenever it appears that the court or other adjudicatory body may issue an order or judgment in the proceedings (including a final judgment or default judgment) or is considering or may decide any pending request dispositive of the merits of the proceedings or of any claim raised in the proceedings.

(b) The reporting requirements of paragraph (a) of this section do not apply to proceedings to which the Office of Foreign Assets Control is a party.

(c) Persons initiating proceedings subject to the reporting requirements of this section must notify the court or other adjudicatory body of the restrictions set forth under the applicable part in this chapter governing the transfer of blocked property or funds retained pursuant to § 596.504(b) of this chapter, including the prohibition on any unlicensed attachment, judgment, decree, lien, execution, garnishment or other judicial process with respect to any property in which, on or after the applicable effective date, there existed

## § 501.606

an interest of any person whose property and property interests were subject to blocking pursuant to this chapter or were subject to retention pursuant to § 596.504(b) of this chapter.

### **§ 501.606 Reporting and recordkeeping requirements applicable to economic sanctions programs.**

The reporting and recordkeeping requirements set forth in this subpart are applicable to economic sanctions programs for which implementation and administration have been delegated to the Office of Foreign Assets Control.

## **Subpart D—Procedures**

### **§ 501.801 Licensing.**

(a) *General licenses.* General licenses have been issued authorizing under appropriate terms and conditions certain types of transactions which are subject to the prohibitions contained in this chapter. All such licenses are set forth in subpart E of each part contained in this chapter. General licenses may also be issued authorizing under appropriate terms and conditions certain types of transactions which are subject to prohibitions contained in economic sanctions programs the implementation and administration of which have been delegated to the Director of the Office of Foreign Assets Control but which are not yet codified in this chapter. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses may be required to file reports and statements in accordance with the instructions specified in those licenses. Failure to file such reports or statements will nullify the authority of the general license.

(b) *Specific licenses—(1) General course of procedure.* Transactions subject to the prohibitions contained in this chapter, or to prohibitions the implementation and administration of which have been delegated to the Director of the Office of Foreign Assets Control, which are not authorized by general license may be effected only under specific licenses.

## **31 CFR Ch. V (7–1–02 Edition)**

(2) *Applications for specific licenses.* Original signed applications for specific licenses to engage in any transactions prohibited by or pursuant to this chapter or sanctions programs that have been delegated to the Director of the Office of Foreign Assets Control for implementation and administration must be filed by mail or courier. Applications will not be accepted by fax or electronically, unless otherwise authorized. Applications may be submitted in letter form with the exception of license applications for the unblocking of funds transfers. Applications for the unblocking of funds transfers must be submitted using TD–F 90–22.54, “Application for the Release of Blocked Funds,” accompanied by two complete copies of the entire submission. The form, which requires information regarding the date of the blocking, the financial institutions involved in the transfer, and the beneficiary and amount of the transfer, may be obtained from the OFAC Internet Home Page: <http://www.treas.gov/ofac>, the OFAC fax-on-demand service: 202/622–0077, or the Compliance Programs Division, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing such transaction.

(3) *Information to be supplied.* The applicant must supply all information specified by relevant instructions and/or forms, and must fully disclose the names of all parties who are concerned with or interested in the proposed transaction. If the application is filed by an agent, the agent must disclose the name of his principal(s). Such documents as may be relevant shall be attached to each application as a part of such application, except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference in such application. Applicants are required to supply their taxpayer identifying number pursuant to 31 U.S.C. 7701, which number may be used for purposes of collecting and reporting on any delinquent amounts arising out of the applicant’s relationship with the United States Government. Applicants may be required to furnish such further

information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. Any applicant or other party in interest desiring to present additional information may do so at any time before or after decision. Arrangements for oral presentation should be made with the Office of Foreign Assets Control.

(4) *Effect of denial.* The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) *Reports under specific licenses.* As a condition for the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) *Issuance of license.* Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or licenses may be issued by the Secretary of the Treasury acting directly or through any specifically designated person, agency, or instrumentality.

(7) *Address.* License applications, reports, and inquiries should be addressed to the appropriate division or individual within the Office of Foreign Assets Control, or to its Director, at the following address: Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220.

(c) *Registration of nongovernmental organizations—(1) Purpose of registration.* For those parts of this chapter specifically authorizing the registration of nongovernmental organizations (“NGOs”), registration numbers may be issued on a case-by-case basis to NGOs involved in humanitarian or religious activities in countries or geographic areas subject to economic sanctions pursuant to this chapter V. A registration number authorizes certain transactions by or on behalf of the registered NGO otherwise prohibited by the specific part with respect to which the registration number is issued, including the exportation of goods, serv-

ices, and funds to the country or geographic area subject to such part for the purpose of relieving human suffering. The transactions authorized for registered NGOs either will be specified by the statement of licensing policy in the part under which the registration number is issued or by the Office of Foreign Assets Control letter issuing the registration number.

(2) *Application information to be supplied.* Applications for registration numbers should be submitted to the Compliance Programs Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220, or by facsimile to (202) 622-2426, and must include:

(i) The organization’s name in English, in the language of origin, and any acronym or other names used to identify the organization;

(ii) Address and phone number of the organization’s headquarters location;

(iii) Full name in English, in the language of origin, and any acronym or other names used, as well as nationality, citizenship, current country of residence, place and date of birth for key staff at the organization’s headquarters, such as the chairman and board members, president, director, etc.;

(iv) Identification of field offices or partner offices elsewhere, including addresses, phone numbers, and organizational names used, as well as the identification of the senior officer(s) at these locations, including the person’s name, position, nationality, citizenship, and date of birth (names of individuals and organizations shall be provided in English, in the language of origin, and shall include any acronym or other names used to identify the individuals or organizations);

(v) Identification of subcontracting organizations, if any, to the extent known or contemplated at the time of the application;

(vi) Existing sources of income, such as official grants, private endowments, commercial activities;

(vii) Financial institutions that hold deposits on behalf of or extend lines of credit to the organization (names of individuals and organizations shall be provided in English, in the language of

## § 501.802

origin, and shall include any acronym or other names used to identify the individuals or organizations);

(viii) Independent accounting firms, if employed in the production of the organization's financial statements (names of individuals and organizations shall be provided in English, in the language of origin, and shall include any acronym or other names used to identify the individuals or organizations);

(ix) A detailed description of the organization's humanitarian or religious activities and projects in countries or geographic areas subject to economic sanctions pursuant to this chapter V;

(x) Most recent official registry documents, annual reports, and annual filings with the pertinent government, as applicable; and

(xi) Names and addresses of organizations to which the applicant currently provides or proposes to provide funding, services or material support, to the extent known at the time of the vetting, as applicable.

(3) *Use of registration number.* Registered NGOs conducting transactions authorized by their registrations to support their humanitarian or religious activities pursuant to any part of this chapter should reference the registration number on all payments and funds transfers and on all related documentation, including all purchasing, shipping, and financing documents.

(4) *Limitations.* Registered NGOs are not authorized to make remittances from blocked accounts. Registration numbers are not transferable and may be revoked or modified at any time at the discretion of the Director, Office of Foreign Assets Control. Registration numbers do not excuse compliance with any law or regulation administered by the Office of Foreign Assets Control or any other agency (including reporting requirements) applicable to the transaction(s) herein authorized, nor does it release the Registrant or third parties from civil or criminal liability for violation of any law or regulation.

(5) *Prior numbers.* Registration numbers already issued remain in effect.

[62 FR 45101, Aug. 25, 1997, as amended at 65 FR 10708, Feb. 29, 2000; 66 FR 2728, Jan. 11, 2001]

## 31 CFR Ch. V (7-1-02 Edition)

### § 501.802 Decisions.

The Office of Foreign Assets Control will advise each applicant of the decision respecting filed applications. The decision of the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury with respect to an application shall constitute final agency action.

### § 501.803 Amendment, modification, or revocation.

Except as otherwise provided by law, the provisions of each part of this chapter and any rulings, licenses (whether general or specific), authorizations, instructions, orders, or forms issued thereunder may be amended, modified or revoked at any time.

[63 FR 35809, July 1, 1998]

### § 501.804 Rulemaking.

(a) All rules and other public documents are issued by the Director of the Office of Foreign Assets Control. In general, rulemaking by the Office of Foreign Assets Control involves foreign affairs functions of the United States, and for that reason is exempt from the requirements under the Administrative Procedure Act (5 U.S.C. 553) for notice of proposed rulemaking, opportunity for public comment, and delay in effective date.

(b) Any interested person may petition the Director of the Office of Foreign Assets Control in writing for the issuance, amendment, or repeal of any rule.

### § 501.805 Rules governing availability of information.

(a) The records of the Office of Foreign Assets Control which are required by the Freedom of Information Act (5 U.S.C. 552) to be made available to the public shall be made available in accordance with the definitions, procedures, payment of fees, and other provisions of the regulations on the Disclosure of Records of the Departmental Offices and of other bureaus and offices of the Department of the Treasury issued under 5 U.S.C. 552 and published at 31 CFR part 1.

NOTE TO PARAGRAPH (a) OF § 501.805: Records or information obtained or created in the implementation of part 598 of this chapter are not subject to disclosure under section



552(a)(3) of the Freedom of Information Act. See § 598.802 of this chapter.

(b) The records of the Office of Foreign Assets Control which are required by the Privacy Act (5 U.S.C. 552a) to be made available to an individual shall be made available in accordance with the definitions, procedures, requirements for payment of fees, and other provisions of the Regulations on the Disclosure of Records of the Departmental Offices and of other bureaus and offices of the Department of the Treasury issued under 5 U.S.C. 552a and published at 31 CFR part 1.

(c) Any form issued for use in connection with this chapter may be obtained in person or by writing to the Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220, or by calling 202/622-2480.

[62 FR 45101, Aug. 25, 1997, as amended at 65 FR 41335, July 5, 2000]

**§ 501.806 Procedures for unblocking funds believed to have been blocked due to mistaken identity.**

When a transaction results in the blocking of funds at a financial institution pursuant to the applicable regulations of this chapter 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 following administrative procedures:

(a) Any person who is a party to the transaction may request the release of funds which the party believes to have been blocked due to mistaken identity.

(b) Requests to release funds which a party believes to have been blocked due to mistaken identity must be made in writing and addressed to the Office of Foreign Assets Control, Compliance Programs Division, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220, or sent by facsimile transmission to the Compliance Programs Division at 202/622-1657.

(c) The written request to release funds must include the name, address, telephone number, and (where available) fax number of the party seeking the release of the funds. For individuals, the inclusion of a social security

number is voluntary but will facilitate resolution of the request. For corporations or other entities, the application should include its principal place of business, the state of incorporation or organization, and the name and telephone number of the appropriate person to contact regarding the application.

(d) A request to release funds should include the following information, where known, concerning the transaction:

(1) The name of the financial institution in which the funds are blocked;

(2) The amount blocked;

(3) The date of the blocking;

(4) The identity of the original remitter of the funds and any intermediary financial institutions;

(5) The intended beneficiary of the blocked transfer;

(6) A description of the underlying transaction including copies of related documents (e.g., invoices, bills of lading, promissory notes, etc.);

(7) The nature of the applicant's interest in the funds; and

(8) A statement of the reasons why the applicant believes the funds were blocked due to mistaken identity.

(e) Upon receipt of the materials required by paragraph (d) of this section, OFAC may request additional material from the applicant concerning the transaction pursuant to § 501.602.

(f) Following review of all applicable submissions, the Director of the Office of Foreign Assets Control will determine whether to release the funds. In the event the Director determines that the funds should be released, the Office of Foreign Assets Control will direct the financial institution to return the funds to the appropriate party.

(g) For purposes of this section, the term "financial institution" shall include a banking institution, depository institution or United States depository institution, domestic bank, financial institution or U.S. financial institution, as those terms are defined in the applicable part of this chapter.

[62 FR 45101, Aug. 25, 1997, as amended at 62 FR 52495, Oct. 8, 1997]

## § 501.807

### **§ 501.807 Procedures governing removal of names from appendices A, B, and C to this chapter.**

A person may seek administrative reconsideration of his, her or its designation or that of a vessel as blocked, or assert that the circumstances resulting in the designation no longer apply, and thus seek to have the designation rescinded pursuant to the following administrative procedures:

(a) A person blocked under the provisions of any part of this chapter, including a specially designated national, specially designated terrorist, or specially designated narcotics trafficker (collectively, "a blocked person"), or a person owning a majority interest in a blocked vessel may submit arguments or evidence that the person believes establishes that insufficient basis exists for the designation. The blocked person also may propose remedial steps on the person's part, such as corporate reorganization, resignation of persons from positions in a blocked entity, or similar steps, which the person believes would negate the basis for designation. A person owning a majority interest in a blocked vessel may propose the sale of the vessel, with the proceeds to be placed into a blocked interest-bearing account after deducting the costs incurred while the vessel was blocked and the costs of the sale. This submission must be made in writing and addressed to the Director, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220.

(b) The information submitted by the blocked person seeking unblocking or by a person seeking the unblocking of a vessel will be reviewed by the Office of Foreign Assets Control, which may request clarifying, corroborating, or other additional information.

(c) A blocked person seeking unblocking or a person seeking the unblocking of a vessel may request a meeting with the Office of Foreign Assets Control; however, such meetings are not required, and the office may, at its discretion, decline to conduct such meetings prior to completing a review pursuant to this section.

(d) After the Office of Foreign Assets Control has conducted a review of the

## 31 CFR Ch. V (7–1–02 Edition)

request for reconsideration, it will provide a written decision to the blocked person or person seeking the unblocking of a vessel.

[64 FR 5614, Feb. 4, 1999]

### **§ 501.808 License application and other procedures applicable to economic sanctions programs.**

Upon submission to the Office of Management and Budget of an amendment to the overall burden hours for the information collections imposed under this part, the license application and other procedures set forth in this subpart are applicable to economic sanctions programs for which implementation and administration have been delegated to the Office of Foreign Assets Control.

## **Subpart E—Paperwork Reduction Act**

### **§ 501.901 Paperwork Reduction Act notice.**

The information collection requirements in subparts C and D have been approved by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act (44 U.S.C. 3507(j)) and assigned control number 1505–0164. 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.

## **PART 505—REGULATIONS PROHIBITING TRANSACTIONS INVOLVING THE SHIPMENT OF CERTAIN MERCHANDISE BETWEEN FOREIGN COUNTRIES**

Sec.	
505.01	Short title.
505.10	Prohibitions.
505.20	Definitions.
505.30	Licenses.
505.31	General license for offshore transactions from certain countries.
505.40	Records and reports.
505.50	Penalties.
505.60	Procedures.

AUTHORITY: 31 U.S.C. 321(b); 50 U.S.C. App. 1–44; 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. 9989, 13 FR 4891, 3 CFR, 1943–1948 Comp., p. 748.

**Office of Foreign Assets Control, Treasury**

**§ 505.60**

SOURCE: 18 FR 4291, July 23, 1953, unless otherwise noted.

**§ 505.01 Short title.**

The regulations in this part may be referred to as the Transaction Control Regulations.

[19 FR 5483, Aug. 27, 1954]

**§ 505.10 Prohibitions.**

Except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, no person within the United States, for his own account or that of another, may purchase or sell or arrange the purchase or sale of any merchandise in any foreign country or obtain from any banking institution a credit or payment in connection therewith, or attempt to do any of the foregoing, if:

(a) The transaction involves the shipment from any foreign country of any merchandise directly or indirectly to any destination within a country on the attached schedule, and

(b) The merchandise is of a type the unauthorized exportation of which from the United States is prohibited by regulations issued under the Arms Export Control Act of 1976, 22 U.S.C. 2778, or the Atomic Energy Act of 1954, 42 U.S.C. 2011-2297g-4, or successor acts restricting the exportation of strategic goods.

SCHEDULE

- Albania
- Bulgaria
- Cambodia
- The Czech Republic
- Estonia
- Latvia
- Lithuania
- North Korea
- Mongolia
- People's Republic of China
- Poland
- Romania
- The Slovak Republic
- The geographic area formerly known as the Union of Soviet Socialist Republics
- Vietnam

[30 FR 1284, Feb. 6, 1965, as amended at 50 FR 27437, July 3, 1985; 56 FR 45895, Sept. 9, 1991; 58 FR 13198, Mar. 10, 1993; 60 FR 34144, June 30, 1995]

**§ 505.20 Definitions.**

The definitions contained in subpart C, part 500 of this chapter are applicable to any terms therein defined which are used in this part.

[19 FR 5483, Aug. 27, 1954]

**§ 505.30 Licenses.**

No regulation, ruling, instruction or license authorizes a transaction prohibited by § 505.10 unless the regulation, ruling, instruction or license is issued by the Treasury Department and specifically refers to that section.

**§ 505.31 General license for offshore transactions from certain countries.**

(a) Except as provided in paragraph (b) of this section, all transactions prohibited by § 505.10 are hereby authorized provided:

(1) Shipment is to a country listed in the schedule to § 505.10, other than North Korea; and

(2) Shipment is made from and licensed by one of the following foreign countries: Australia, Austria, Belgium, Canada, Denmark, France, Finland, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, or the United Kingdom.

(b) This section does not authorize any transactions otherwise prohibited by this chapter.

[37 FR 3520, Feb. 17, 1972, as amended at 41 FR 16557, Apr. 20, 1976; 56 FR 45895, Sept. 9, 1991; 58 FR 13198, Mar. 10, 1993]

**§ 505.40 Records and reports.**

For provisions relating to records and reports, see §§ 501.601 and 501.602 of this chapter.

[18 FR 4291, July 23, 1953, as amended at 62 FR 45106, Aug. 25, 1997]

**§ 505.50 Penalties.**

For provisions relating to penalties, see subpart G of part 500 of this chapter.

[63 FR 10331, Mar. 3, 1998]

**§ 505.60 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 §500.802 and subpart D of part 501 of this chapter.

[62 FR 45106, Aug. 25, 1997]

## PART 515—CUBAN ASSETS CONTROL REGULATIONS

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

Sec.

515.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

515.201 Transactions involving designated foreign countries or their nationals; effective date.  
 515.202 Transactions with respect to securities registered or inscribed in the name of a designated national.  
 515.203 Effect of transfers violating the provisions of this part.  
 515.204 Importation of and dealings in certain merchandise.  
 515.205 Holding of certain types of blocked property in interest-bearing accounts.  
 515.206 Exempt transactions.  
 515.207 Entry of vessels engaged in trade with Cuba.  
 515.208 Restrictions on loans, credits and other financing.

### Subpart C—General Definitions

515.301 Foreign country.  
 515.302 National.  
 515.303 Nationals of more than one foreign country.  
 515.305 Designated national.  
 515.306 Specially designated national.  
 515.307 Unblocked national.  
 515.308 Person.  
 515.309 Transactions.  
 515.310 Transfer.  
 515.311 Property; property interests.  
 515.312 Interest.  
 515.313 Property subject to the jurisdiction of the United States.  
 515.314 Banking institution.  
 515.316 License.  
 515.317 General license.  
 515.318 Specific license.  
 515.319 Blocked account.  
 515.320 Domestic bank.  
 515.321 United States; continental United States.  
 515.322 Authorized trade territory; member of the authorized trade territory.  
 515.323 Occupied area.

515.325 National securities exchange.  
 515.326 Custody of safe deposit boxes.  
 515.327 Blocked estate of a decedent.  
 515.329 Person subject to the jurisdiction of the United States.  
 515.330 Person within the United States.  
 515.331 Merchandise.  
 515.332 Information and informational materials.  
 515.333 Depository institution.  
 515.334 United States national.  
 515.335 Permanent resident alien.  
 515.336 Confiscated.

### Subpart D—Interpretations

515.401 Reference to amended sections.  
 515.402 Effect of amendment of sections of this part or of other orders, etc.  
 515.403 Termination and acquisition of the interest of a designated national.  
 515.404 Transactions between principal and agent.  
 515.405 Exportation of securities, currency, checks, drafts and promissory notes.  
 515.406 Drafts under irrevocable letters of credit; documentary drafts.  
 515.407 Administration of blocked estates of decedents.  
 515.408 Access to certain safe deposit boxes prohibited.  
 515.409 Certain payments to a designated foreign country and nationals through third countries.  
 515.410 Dealing abroad in Cuban origin commodities.  
 515.411 Exclusion from authorization in §515.518.  
 515.413 [Reserved]  
 515.415 Travel to Cuba; transportation of certain Cuban nationals.  
 515.416-515.417 [Reserved]  
 515.418 Transactions related to telecommunications.  
 515.419 [Reserved]  
 515.420 Fully-hosted travel to Cuba.

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

515.502 Effect of subsequent license or authorization.  
 515.503 Exclusion from licenses and authorizations.  
 515.504 Certain judicial proceedings with respect to property of designated nationals.  
 515.505 Certain persons unblocked.  
 515.506-515.507 [Reserved]  
 515.508 Payments to blocked accounts in domestic banks.  
 515.509 Entries in certain accounts for normal service charges.  
 515.510 Payments to the United States, States and political subdivisions.  
 515.511 Transactions by certain business enterprises.

- 515.513 Purchase and sale of certain securities.
- 515.514 Payment of dividends and interest on and redemption and collection of securities.
- 515.515 Transfers of securities to blocked accounts in domestic banks.
- 515.516 Voting and soliciting of proxies on securities.
- 515.517 Access to safe deposit boxes under certain conditions.
- 515.518 [Reserved]
- 515.519 Limited payments from accounts of United States citizens abroad.
- 515.520 Payments from accounts of United States citizens in employ of United States in foreign countries and certain other persons.
- 515.521 U.S. assets of certain Cuban corporations.
- 515.522 U.S. assets of certain Cuban decedents.
- 515.523 Transactions incident to the administration of decedents' estates.
- 515.524 Payment from, and transactions in the administration of certain trusts and estates.
- 515.525 Certain transfers by operation of law.
- 515.526 Transactions involving blocked life insurance policies.
- 515.527 Certain transactions with respect to United States intellectual property.
- 515.528 Certain transactions with respect to blocked foreign intellectual property.
- 515.529 Powers of attorney.
- 515.530 Exportation of powers of attorney or instructions relating to certain types of transactions.
- 515.531 Payment of certain checks and drafts.
- 515.532 Completion of certain securities transactions.
- 515.533 Transactions incident to exportations from the United States and re-exportations of U.S.-origin items to Cuba.
- 515.535 Exchange of certain securities.
- 515.536 Certain transactions with respect to merchandise affected by § 515.204.
- 515.540 [Reserved]
- 515.542 Telecommunications, information, and informational materials.
- 515.543 Proof of origin.
- 515.544 Gifts of Cuban origin goods.
- 515.545 Transactions related to information and informational materials.
- 515.546 Accounts of Cuban sole proprietorships.
- 515.547 Research samples.
- 515.548 Services rendered by Cuba to United States aircraft.
- 515.549 Bank accounts and other property of non-Cuban citizens who were in Cuba on or after July 8, 1963.
- 515.550 Certain vessel transactions authorized.
- 515.551 Joint bank accounts.
- 515.552 Proceeds of insurance policies.
- 515.553 Bank accounts of official representatives in Cuba of foreign governments.
- 515.554 Transfers of abandoned property under State laws.
- 515.555 Assets of Cuban firms wholly or substantially owned by U.S. citizens.
- 515.556 [Reserved]
- 515.557 Accounts of Cuban partnerships.
- 515.558 Bunkering of Cuban vessels and fueling of Cuban aircraft by American-owned or controlled foreign firms.
- 515.559 Certain transactions by U.S.-owned or controlled foreign firms with Cuba.
- 515.560 Travel-related transactions to, from, and within Cuba by persons subject to U.S. jurisdiction.
- 515.561 Persons visiting family members in Cuba.
- 515.562 Officials of the U.S. government, foreign governments, and certain intergovernmental organizations traveling to, from, and within Cuba on official business.
- 515.563 Journalistic activities in Cuba.
- 515.564 Professional research and professional meetings in Cuba.
- 515.565 Educational activities.
- 515.566 Religious activities in Cuba.
- 515.567 Public performances, clinics, workshops, athletic and other competitions, and exhibitions.
- 515.568 [Reserved]
- 515.569 Foreign passengers' baggage.
- 515.570 Remittances to nationals of Cuba.
- 515.571 Certain transactions incident to travel to, from, and within the United States by Cuban nationals.
- 515.572 Authorization of transactions incident to the provision of travel services, carrier services, and remittance forwarding services.
- 515.573 Transactions by news organizations.
- 515.574 Support for the Cuban people.
- 515.575 Humanitarian projects.
- 515.576 Activities of private foundations or research or educational institutes.

#### Subpart F—Reports

- 515.601 Records and reports.

#### Subpart G—Penalties

- 515.701 Penalties.
- 515.702 Prepenalty notice; contents; respondent's rights; service.
- 515.703 Response to prepenalty notice; requests for hearing and prehearing discovery; waiver; informal settlement.
- 515.704 Penalty imposition or withdrawal absent a hearing request.
- 515.705 Time and opportunity to request a hearing.
- 515.706 Hearing.
- 515.707 Interlocutory appeal.

## §515.101

- 515.708 Settlement during hearing proceedings.
- 515.709 Motions.
- 515.710 Discovery.
- 515.711 Summary disposition.
- 515.712 Prehearing conferences and submissions.
- 515.713 Public hearings.
- 515.714 Conduct of hearings.
- 515.715 Evidence.
- 515.716 Proposed decisions; recommended decision of Administrative Law Judge; final decision.
- 515.717 Judicial review.
- 515.718 Referral to United States Department of Justice; administrative collection measures.

### Subpart H—Procedures

- 515.801 Procedures.
- 515.802 Delegation by the Secretary of the Treasury.
- 515.803 Customs procedures; merchandise specified in §515.204.

### Subpart I—Miscellaneous Provisions

- 515.901 Paperwork Reduction Act notice.

AUTHORITY: 18 U.S.C. 2332d; 22 U.S.C. 2370(a), 6001-6010; 31 U.S.C. 321(b); 50 U.S.C. App. 1-44; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 106-387, 114 Stat. 1549; E.O. 9193, 7 FR 5205, 3 CFR, 1938-1943 Comp., p. 1147; E.O. 9989, 13 FR 4891, 3 CFR, 1943-1948 Comp., p. 748; Proc. 3447, 27 FR 1085, 3 CFR, 1959-1963 Comp., p. 157; E.O. 12854, 58 FR 36587, 3 CFR, 1993 Comp., p. 614.

SOURCE: 28 FR 6974, July 9, 1963, unless otherwise noted.

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

### §515.101 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 one of those parts, or any other provision of law, authorizes any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part shall be deemed to authorize any transaction prohibited by any law other than the Trading With the Enemy Act, 50 U.S.C. App. 5(b), as

## 31 CFR Ch. V (7-1-02 Edition)

amended, the Foreign Assistance Act of 1961, 22 U.S.C. 2370, or any proclamation, order, regulation or license issued pursuant thereto.

[50 FR 27437, July 3, 1985, as amended at 62 FR 45106, Aug. 25, 1997]

### Subpart B—Prohibitions

#### §515.201 Transactions involving designated foreign countries or their nationals; effective date.

(a) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if either such transactions are by, or on behalf of, or pursuant to the direction of a foreign country designated under this part, or any national thereof, or such transactions involve property in which a foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All transfers of credit and all payments between, by, through, or to any banking institution or banking institutions wheresoever located, with respect to any property subject to the jurisdiction of the United States or by any person (including a banking institution) subject to the jurisdiction of the United States;

(2) All transactions in foreign exchange by any person within the United States; and

(3) The exportation or withdrawal from the United States of gold or silver coin or bullion, currency or securities, or the earmarking of any such property, by any person within the United States.

(b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if such transactions involve property in which any foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of

any nature whatsoever, direct or indirect:

(1) All dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

(c) Any transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions set forth in paragraph (a) or (b) of this section is hereby prohibited.

(d) For the purposes of this part, the term *foreign country designated under this part* and the term *designated foreign country* mean Cuba and the term *effective date* and the term *effective date of this section* mean with respect to Cuba, or any national thereof, 12:01 a.m., e.s.t., July 8, 1963.

(e) When a transaction results in the blocking of funds at a banking 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.

[28 FR 6974, July 9, 1963, as amended at 62 FR 45106, Aug. 25, 1997]

**§ 515.202 Transactions with respect to securities registered or inscribed in the name of a designated national.**

Unless authorized by a license expressly referring to this section, the acquisition, transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of any designated national is prohibited irrespective of the fact that at any time (either prior to, on, 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.

**§ 515.203 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 thereunder and involves any property in which a designated national has or has had an interest since such “effective 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 a designated national has or has had an interest since the “effective date” unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such “effective date.”

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of section 5(b) of the Trading With the Enemy Act, as amended, and 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 pursuant to such provisions, 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 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

## §515.204

person, that such transfer required a license or authorization by or pursuant to the provisions of 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 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 thereunder, or

(ii) Such transfer was not licensed or authorized by the Secretary of the Treasury, or

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

the person with whom such property was held or maintained filed with the Treasury Department, Washington, D.C., a report in triplicate 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 to be compliance or evidence of compliance with paragraphs (d) (1) and (2) of this section.

(e) Unless licensed or authorized by §515.504 or otherwise licensed or authorized pursuant to this chapter 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 the interest of a designated foreign country or national thereof.

(f) For the purpose of this section the term *property* includes gold, silver, bullion, currency, coin, credit, securities (as that term is defined in section 2(1) of the Securities Act of 1933, as amended), bills of exchange, notes, drafts, acceptances, checks, letters of credit, book credits, debts, claims, contracts, negotiable documents of title, mortgages, liens, annuities, insurance policies, options and futures in commodities, and evidences of any of the foregoing. The term *property* shall not, ex-

## 31 CFR Ch. V (7-1-02 Edition)

cept to the extent indicated, be deemed to include chattels or real property.

[28 FR 6974, July 9, 1963, as amended at 28 FR 7941, Aug. 3, 1963]

### §515.204 Importation of and dealings in certain merchandise.

(a) Except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, no person subject to the jurisdiction of the United States may purchase, transport, import, or otherwise deal in or engage in any transaction with respect to any merchandise outside the United States if such merchandise:

(1) Is of Cuban origin; or

(2) Is or has been located in or transported from or through Cuba; or

(3) Is made or derived in whole or in part of any article which is the growth, produce or manufacture of Cuba.

(b) [Reserved]

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

(a) Except as provided by paragraphs (d), (e) and (f) of this section, or as authorized by the Secretary of the Treasury or his delegate by specific license, any person holding any property included in paragraph (h) of this section is prohibited from holding, withholding, using, transferring, engaging in any transactions involving, or exercising any right, power, or privilege with respect to any such property, unless it is held in an interest-bearing account in a domestic bank.

(b) Any person presently holding property subject to the provisions of paragraph (a) of this section which, as of the effective date of this section, is not being held in accordance with the provisions of that paragraph shall transfer such property to or hold such property or cause such property to be held in an interest-bearing account in any domestic bank within 30 days of the effective date of this section.

(c) Any person holding any checks or drafts subject to the provisions of §515.201 is authorized and directed, wherever possible consistent with state law (except as otherwise specifically



provided in paragraph (c)(3) of this section), to negotiate or present for collection or payment such instruments and credit the proceeds to interest-bearing accounts. Any transaction by any person incident to the negotiation, processing, presentment, collection or payment of such instruments and deposit of the proceeds into an interest-bearing account is hereby authorized: *Provided that:*

(1) The transaction does not represent, directly or indirectly, a transfer of the interest of a designated national to any other country or person;

(2) The proceeds are held in a blocked account indicating the designated national who is the payee or owner of the instrument; and,

(3) In the case of a blocked check or draft which has been purchased by the maker/drawer from the drawee bank (*e.g.*, cashier's check, money order, or traveler's check) or which is drawn against a presently existing account, such bank, on presentment of the instrument in accordance with the provisions of this section, shall either:

(i) Pay the instrument (subject to paragraphs (c)(1) and (2) of this section) or

(ii) Credit a blocked account on its books with the amount payable on the instrument.

In either event, the blocked account shall be identified as resulting from the proceeds of a blocked check or draft, and the identification shall include a reference to the names of both the maker and payee of the instrument.

(d) Property subject to the provisions of paragraph (a) or (b) of this section, held by a person claiming a set-off against such property, is exempt from the provisions of paragraphs (a), (b) and (c) of this section to the extent of the set-off: *Provided however*, That interest shall be due from 30 days after the effective date of this section if it should ultimately be determined that the claim to a set-off is without merit.

(e) Property subject to the provisions of paragraphs (a) and (b) of this section, held in a customer's account by a registered broker/dealer in securities, may continue to be held for the customer by the broker/dealer provided interest is credited to the account on any

balance not invested in securities in accordance with §515.513. The interest paid on such accounts by a broker/dealer who does not elect to hold such property for a customer's account in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the jurisdiction in which the broker/dealer holds the account.

(f) Property subject to the provisions of paragraphs (a) and (b) of this section, held by a state agency charged with the custody of abandoned or unclaimed property under §515.554 may continue to be held by the agency provided interest is credited to the blocked account in which the property is held by the agency, or the property is held by the agency in a blocked account in a domestic bank. The interest credited to such accounts by an agency which does not elect to hold such property in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the state.

(g) For purposes of this section, the term *interest-bearing account* means a blocked account earning interest at no less than the maximum rate payable on the shortest time deposit in the domestic bank where the account is held: *Provided however*, That such an account may include six-month Treasury bills or insured certificates, with a maturity not exceeding six-months, appropriate to the amounts involved.

(h) The following types of property are subject to paragraphs (a) and (b) of this section:

(1) Any currency, bank deposit and bank accounts subject to the provisions of §515.201;

(2) Any property subject to the provisions of §515.201 which consists, in whole or in part, of undisputed and either liquidated or matured debts, claims, obligations or other evidence of indebtedness, to the extent of any amount that is undisputed and liquidated or matured; and

(3) Any proceeds resulting from the payment of an obligation under paragraph (c) of this section.

(i) For purposes of this section, the term *domestic bank* includes any

## § 515.206

## 31 CFR Ch. V (7-1-02 Edition)

FSLIC-insured institution (as defined in 12 CFR 561.1).

(j) For the purposes of this section the term *person* includes the United States Government or any agency or instrumentality thereof, except where the agency or instrumentality submits to the Office of Foreign Assets Control an opinion of its General Counsel that either:

(1) It lacks statutory authority to comply with this section, or

(2) The requirements of paragraphs (a) and (b) of this section are inconsistent with the statutory program under which it operates.

[44 FR 11770, Mar. 2, 1979]

### § 515.206 Exempt transactions.

(a) *Information and informational materials.* (1) The importation from any country and the exportation to any country of information or informational materials as defined in § 515.332, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part except for payments owed to Cuba for telecommunications services between Cuba and the United States, which are subject to the provisions of § 515.542.

(2) This section does not authorize transactions related to information or informational materials not fully created and in existence at the date of the transaction, or to the substantive or artistic alteration or enhancement of information or informational materials, or to the provision of marketing and business consulting services by a person subject to the jurisdiction of the United States. Such prohibited transactions include, without limitation, payment of advances for information or informational materials not yet created and completed, provision of services to market, produce or co-produce, create or assist in the creation of information or informational materials, and payment of royalties to a designated national with respect to income received for enhancements or alterations made by persons subject to the jurisdiction of the United States to information or informational materials imported from a designated national.

(3) This section does not authorize transactions incident to the trans-

mission of restricted technical data as defined in the Export Administration Regulations, 15 CFR parts 730-774, or to the exportation of goods for use in the transmission of any data. The exportation of such goods to designated foreign countries is prohibited, as provided in § 515.201 of this part and § 785.1 of the Export Administration Regulations.

(4) This section does not authorize transactions related to travel to Cuba when such travel is not otherwise authorized under § 515.545.

*Example #1:* A U.S. publisher ships 500 copies of a book to Cuba directly from Miami aboard a chartered aircraft, and receives payment by means of a letter of credit issued by a Cuban bank and confirmed by an American bank. These are permissible transactions under this section.

*Example #2:* A Cuban party exports a single master copy of a Cuban motion picture to a U.S. party and licenses the U.S. party to duplicate, distribute, show and exploit in the United States the Cuban film in any medium, including home video distribution, for five years, with the Cuban party receiving 40% of the net income. All transactions relating to the activities described in this example are authorized under this section or § 515.545.

*Example #3:* A U.S. recording company proposes to contract with a Cuban musician to create certain musical compositions, and to advance royalties of \$10,000 to the musician. The music written in Cuba is to be recorded in a studio that the recording company owns in the Bahamas. These are all prohibited transactions. The U.S. party is prohibited under § 515.201 from contracting for the Cuban musician's services, from transferring \$10,000 to Cuba to pay for those services, and from providing the Cuban with production services through the use of its studio in the Bahamas. No information or informational materials are in being at the time of these proposed transactions. However, the U.S. recording company may contract to purchase and import preexisting recordings by the Cuban musician, or to copy the recordings in the United States and pay negotiated royalties to Cuba under this section or § 515.545.

*Example #4:* A Cuban party enters into a subpublication agreement licensing a U.S. party to print and publish copies of a musical composition and to sub-license rights of public performance, adaptation, and arrangement of the musical composition, with payment to be a percentage of income received. All transactions related to the activities described in this example are authorized under this section and § 515.545, except

for adaptation, and arrangement, which constitute artistic enhancement of the Cuban composition. Payment to the Cuban party may not reflect income received as a result of these enhancements.

(b) *Donation of food.* The prohibitions contained in this part do not apply to transactions incident to the donation of food to nongovernmental organizations or individuals in Cuba.

[54 FR 5233, Feb. 2, 1989, as amended at 60 FR 39256, Aug. 2, 1995; 64 FR 25812, May 13, 1999]

**§ 515.207 Entry of vessels engaged in trade with Cuba.**

Except as specifically authorized by the Secretary of the Treasury (or any person, agency or instrumentality designated by him), by means of regulations, rulings, instructions, licenses or otherwise,

(a) No vessel that enters a port or place in Cuba to engage in the trade of goods or the purchase or provision of services, may enter a U.S. port for the purpose of loading or unloading freight for a period of 180 days from the date the vessel departed from a port or place in Cuba; and

(b) No vessel carrying goods or passengers to or from Cuba or carrying goods in which Cuba or a Cuban national has an interest may enter a U.S. port with such goods or passengers on board.

NOTE TO § 515.207: For the waiver of the prohibitions contained in this section for certain vessels engaged in licensed or exempt trade with Cuba, see § 515.550.

[58 FR 34710, June 29, 1993, as amended at 66 FR 36687, July 12, 2001]

**§ 515.208 Restrictions on loans, credits and other financing.**

No United States national, permanent resident alien, or United States agency may knowingly make a loan, extend credit or provide other financing for the purpose of financing transactions involving confiscated property the claim to which is owned by a United States national, except for financing by a United States national owning such a claim for a transaction permitted under United States law.

[61 FR 37386, July 18, 1996]

**Subpart C—General Definitions**

**§ 515.301 Foreign country.**

The term *foreign country* also includes, but not by way of limitation:

(a) The state and the government of any such territory on or after the “effective date” as well as any political subdivision, agency, or instrumentality thereof or any territory, dependency, colony, protectorate, mandate, dominion, possession or place subject to the jurisdiction thereof,

(b) Any other government (including any political subdivision, agency, or instrumentality thereof) to the extent and only to the extent that such government exercises or claims to exercise control, authority, jurisdiction or sovereignty over territory which on the “effective date” constituted such foreign country,

(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 for the benefit or on behalf of any of the foregoing, and

(d) Any territory which on or since the “effective date” is controlled or occupied by the military, naval or police forces or other authority of such foreign country.

**§ 515.302 National.**

(a) The term *national* shall include:

(1) A subject or citizen of a country or any person who has been domiciled in or a permanent resident of that country at any time on or since the “effective date,” except persons who were resident or domiciled there in the service of the U.S. Government.

(2) Any partnership, association, corporation, or other organization, organized under the laws of, or which on or since the “effective date” had or has had its principal place of business in a foreign country, or which on or since such effective date was or has been controlled by, or a substantial part of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of which, was or has been owned or controlled by, directly or indirectly, a foreign country and/or one

### § 515.303

or more nationals thereof as defined in this section.

(3) Any person to the extent that such person is or has been, since the “effective date” acting or purporting to act directly or indirectly for the benefit or on behalf of any national of a foreign country.

(4) Any other person who there is reasonable cause to believe is a “national” as defined in this section.

(b) Persons who travel in Cuba do not become nationals of Cuba solely because of such travel.

(c) The Secretary of the Treasury retains full power to determine that any person is or shall be deemed to be a “national” within the meaning of this section, and to specify the foreign country of which such person is or shall be deemed to be a national.

[28 FR 6974, July 9, 1963, as amended at 50 FR 27437, July 3, 1985; 64 FR 25812, May 13, 1999]

### § 515.303 Nationals of more than one foreign country.

(a) Any person who by virtue of any provision in this chapter is a national of more than one foreign country shall be deemed to be a national of each of such foreign countries.

(b) In any case in which a person is a national of two or more designated foreign countries, as defined in this chapter, a license or authorization with respect to nationals of one of such designated foreign countries shall not be deemed to apply to such person unless a license or authorization of equal or greater scope is outstanding with respect to nationals of each other designated foreign country of which such person is a national.

(c) In any case in which the combined interests of two or more designated foreign countries, as defined in this chapter, and/or nationals thereof are sufficient in the aggregate to constitute control or ownership of 25 per centum or more of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of a partnership, association, corporation or other organization, but such control or a substantial part of such stock, shares, bonds, debentures, notes, drafts, or other securities or obligations is not held by any one such foreign country and/or

### 31 CFR Ch. V (7-1-02 Edition)

national thereof, such partnership, association, corporation or other organization shall be deemed to be a national of each of such foreign countries.

### § 515.305 Designated national.

For the purposes of this part, the term *designated national* shall mean Cuba and any national thereof including any person who is a specially designated national.

### § 515.306 Specially designated national.

(a) The term *specially designated national* shall mean:

(1) Any person who is determined by the Secretary of the Treasury to be a specially designated national,

(2) Any person who on or since the “effective date” has acted for or on behalf of the Government or authorities exercising control over a designated foreign country, or

(3) Any partnership, association, corporation or other organization which on or since the “effective date” has been owned or controlled directly or indirectly by the Government or authorities exercising control over a designated foreign country or by any specially designated national.

(b) [Reserved]

NOTE TO § 515.306: Please refer to the appendices at the end of this chapter for listings of persons 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.

[28 FR 6974, July 9, 1963, as amended at 61 FR 32938, June 26, 1996; 62 FR 45106, Aug. 25, 1997]

### § 515.307 Unblocked national.

Any person licensed pursuant to § 515.505 licensed as an *unblocked national* shall, while so licensed, be regarded as a person within the United States who is not a national of any designated foreign country: *Provided, however*, That the licensing of any person as an *unblocked national* shall not be

deemed to suspend in any way the requirements of any section of this chapter relating to reports, or the production of books, documents, and records specified therein.

[28 FR 6974, July 9, 1963, as amended at 54 FR 5233, Feb. 2, 1989]

**§ 515.308 Person.**

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

**§ 515.309 Transactions.**

The phrase *transactions which involve property in which a designated foreign country, or any national thereof, has any interest of any nature whatsoever, direct or indirect*, includes, but not by way of limitation:

(a) Any payment or transfer to such designated foreign country or national thereof,

(b) Any export or withdrawal from the United States to such designated foreign country, and

(c) Any transfer of credit, or payment of an obligation, expressed in terms of the currency of such designated foreign country.

**§ 515.310 Transfer.**

The term *transfer* shall mean any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or preformed within the United States, the purpose, intent, or effect of which is to create, surrender, release, 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 other fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, 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 rea-

son of a judgment or decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

**§ 515.311 Property; property interests.**

(a) Except as defined in § 515.203(f) for the purposes of that section the terms *property* and *property interest* or *property interests* shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness obligations, notes, debentures, stocks, bonds, coupons, and other financial securities, 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, 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, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, services, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

(b) As used in § 515.208, the term *property* means any property (including patents, copyrights, trademarks, and any other form of intellectual property), whether real, personal, or mixed, and any present, future, or contingent right, security, or other interest therein, including any leasehold interest.

[28 FR 6974, July 9, 1963, as amended at 50 FR 27437, July 3, 1985; 56 FR 49847, Oct. 2, 1991; 61 FR 37386, July 18, 1996]

**§ 515.312 Interest.**

The term *interest* when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

**§ 515.313**

**§ 515.313 Property subject to the jurisdiction of the United States.**

(a) The phrase *property subject to the jurisdiction of the United States* includes, without limitation, securities, whether registered or bearer, issued by:

(1) The United States or any State, district, territory, possession, county, municipality, or any other subdivision or agency or instrumentality of any thereof; or

(2) Any person with the United States whether the certificate which evidences such property or interest is physically located within or outside the United States.

(b) The phrase *property subject to the jurisdiction of the United States* also includes, without limitation, securities, whether registered or bearer, by whomsoever issued, if the instrument evidencing such property or interest is physically located within the United States.

**§ 515.314 Banking institution.**

The term *banking institution* shall include any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchases and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or any broker; and, each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate "banking institution."

**§ 515.316 License.**

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

**§ 515.317 General license.**

A general license is any license or authorization the terms of which are set forth in this part.

**§ 515.318 Specific license.**

A specific license is any license or authorization issued pursuant to this part but not set forth in this part.

[28 FR 6974, July 9, 1963; 28 FR 7427, July 20, 1963]

**31 CFR Ch. V (7-1-02 Edition)**

**§ 515.319 Blocked account.**

The term *blocked account* shall mean an account in which any designated national has an interest, with respect to which account payments, transfers or withdrawals or other dealings may not be made or effected except pursuant to an authorization or license authorizing such action. The term *blocked account* shall not be deemed to include accounts of unblocked nationals.

[28 FR 6974, July 9, 1963; 28 FR 7427, July 20, 1963]

**§ 515.320 Domestic bank.**

The term *domestic bank* shall mean any branch or office within the United States of any of the following which is not a national of a designated foreign country; any bank or trust company incorporated under the banking laws of the United States or any State, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any State, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a "domestic bank" for the purpose of this definition or for the purpose of any or all sections of this part.

**§ 515.321 United States; continental United States.**

The term *United States* means the United States and all areas under the jurisdiction or authority thereof, including the Trust Territory of the Pacific Islands. The term *continental United States* means the States of the United States and the District of Columbia.

[49 FR 27144, July 2, 1984]

**§ 515.322 Authorized trade territory; member of the authorized trade territory.**

(a) The term *authorized trade territory* includes all countries, including any colony, territory, possession, or protectorate, except those countries subject to sanctions pursuant to this chapter. The term does not include the United States.

(b) The term *member of the authorized trade territory* shall mean any of the

**Office of Foreign Assets Control, Treasury**

**§ 515.332**

foreign countries or political subdivisions comprising the authorized trade territory.

[43 FR 51762, Nov. 7, 1978, as amended at 60 FR 54195, Oct. 20, 1995]

**§ 515.323 Occupied area.**

The term *occupied area* shall mean any territory occupied by a designated foreign country which was not occupied by such country prior to the "effective date" of this part.

**§ 515.325 National securities exchange.**

The term *national securities exchange* shall mean an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (48 Stat. 885, 15 U.S.C. 78f).

**§ 515.326 Custody of safe deposit boxes.**

Safe deposit boxes shall be deemed to be in the *custody* not only of all persons having access thereto but also of the lessors of such boxes whether or not such lessors have access to such boxes. The foregoing shall not in any way be regarded as a limitation upon the meaning of the term *custody*.

**§ 515.327 Blocked estate of a decedent.**

The term *blocked estate of a decedent* shall mean any decedent's estate in which a designated national has an interest. A person shall be deemed to have an interest in a decedent's estate if he:

- (a) Was the decedent;
- (b) Is a personal representative; or
- (c) Is a creditor, heir, legatee, devisee, distributee, or beneficiary.

**§ 515.329 Person subject to the jurisdiction of the United States.**

The term *person subject to the jurisdiction of the United States* includes:

- (a) Any individual, wherever located, who is a citizen or resident of the United States;
- (b) Any person within the United States as defined in § 515.330;
- (c) Any corporation organized under the laws of the United States or of any State, territory possession, or district of the United States; and
- (d) Any corporation, partnership, or association, wherever organized or doing business, that is owned or con-

trolled by persons specified in paragraph (a) or (c) of this section.

[50 FR 27437, July 3, 1985]

**§ 515.330 Person within the United States.**

(a) The term *person within the United States*, includes:

- (1) Any person, wheresoever located, who is a resident of the United States;
- (2) Any person actually within the United States;
- (3) Any corporation organized under the laws of the United States or of any state, territory, possession, or district of the United States; and
- (4) Any partnership, association, corporation, or other organization, wheresoever organized, or doing business, which is owned or controlled by any person or persons specified in paragraph (a) (1), (2), or (3) of the section.

(b) [Reserved]

**§ 515.331 Merchandise.**

The term *merchandise* means all goods, wares and chattels of every description without limitation of any kind.

**§ 515.332 Information and informational materials.**

(a) For purposes of this part, the term *information and informational materials* means:

- (1) Publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, news wire feeds, and other information and informational articles.
- (2) To be considered informational materials, artworks must be classified under Chapter subheading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The term *information and informational materials* does not include items:

- (1) That would be controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420 (1993) (the "EAA"), or section 6 of the EAA to the extent that such controls promote non-proliferation of antiterrorism policies of the United States, including "software" that is not "publicly available" as these terms are defined in 15 CFR parts 779 and 799.1 (1994); or

### § 515.333

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

[60 FR 39256, Aug. 2, 1995]

#### § 515.333 Depository institution.

The term *depository institution* means any of the following:

(a) An insured bank as defined in section 3 of the Federal Deposit Insurance Act;

(b) An insured institution as defined in section 408(a) of the National Housing Act;

(c) An insured credit union as defined in section 101 of the Federal Credit Union Act; or

(d) Any other institution that is carrying on banking activities pursuant to a charter from a Federal or state banking authority.

[57 FR 53997, Nov. 16, 1992]

#### § 515.334 United States national.

As used in § 515.208, the term *United States national* means:

(a) Any United States citizen; or

(b) Any other legal entity which is organized under the laws of the United States, or of any State, the District of Columbia, or any commonwealth, territory, or possession of the United States, and which has its principal place of business in the United States.

[61 FR 37386, July 18, 1996]

#### § 515.335 Permanent resident alien.

As used in § 515.208, the term *permanent resident alien* means an alien lawfully admitted for permanent residence into the United States.

[61 FR 37386, July 18, 1996]

#### § 515.336 Confiscated.

As used in § 515.208, the term *confiscated* refers to:

(a) The nationalization, expropriation, or other seizure by the Cuban Government of ownership or control of property, on or after January 1, 1959:

(1) Without the property having been returned or adequate and effective compensation provided; or

(2) Without the claim to the property having been settled pursuant to an international claims settlement agree-

### 31 CFR Ch. V (7-1-02 Edition)

ment or other mutually accepted settlement procedure; and

(b) The repudiation by the Cuban Government of, the default by the Cuban Government on, or the failure of the Cuban Government to pay, on or after January 1, 1959:

(1) A debt of any enterprise which has been nationalized, expropriated, or otherwise taken by the Cuban Government;

(2) A debt which is a charge on property nationalized, expropriated, or otherwise taken by the Cuban Government; or

(3) A debt which was incurred by the Cuban Government in satisfaction or settlement of a confiscated property claim.

[61 FR 37386, July 18, 1996]

## Subpart D—Interpretations

#### § 515.401 Reference to amended sections.

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 unless otherwise so specified.

#### § 515.402 Effect of amendment of sections of this part or of other orders, etc.

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 Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, or pursuant to Proclamation 3447, shall not unless otherwise specifically provided be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case, prior to such amendment, modification, or revocation, and all penalties, forfeitures, and liabilities under any such section, order, regulation, ruling, instruction or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.



**§ 515.403 Termination and acquisition of the interest of a designated national.**

(a) Except as provided in § 515.525, whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a designated national, such property shall no longer be deemed to be property in which a designated national has or has had an interest unless there exists in such property an interest of a designated national, the transfer of which has not been effected pursuant to license or other authorization.

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

**§ 515.404 Transactions between principal and agent.**

A transaction between any person within the United States and any principal, agent, home office, branch, or correspondent, outside the United States of such person is a transaction prohibited by § 515.201 to the same extent as if the parties to the transaction were in no way affiliated or associated with each other.

**§ 515.405 Exportation of securities, currency, checks, drafts and promissory notes.**

Section 515.201 prohibits the exportation of securities, currency, checks, drafts and promissory notes to a designated foreign country.

**§ 515.406 Drafts under irrevocable letters of credit; documentary drafts.**

Section 515.201 prohibits the presentation, acceptance or payment of:

(a) Drafts or other orders for payment drawn under irrevocable letters of credit issued in favor of or on behalf of any designated national;

(b) Drafts or other orders for payment, in which any designated national has on or since the "effective date" had any interest, drawn under any irrevocable letter of credit; and

(c) Documentary drafts in which any designated national has on or since the "effective date" had any interest.

**§ 515.407 Administration of blocked estates of decedents.**

Section 515.201 prohibits all transactions incident to the administration of the blocked estate of a decedent, including the appointment and qualification of personal representatives, the collection and liquidation of assets, the payment of claims, and distribution to beneficiaries. Attention is directed to § 515.523 which authorizes certain transactions in connection with the administration of blocked estates of decedents, and § 515.522 which authorizes the unblocking by specific license of estate assets to certain heirs under certain circumstances.

[28 FR 6974, July 9, 1963, as amended at 54 FR 5234, Feb. 2, 1989; 64 FR 25812, May 13, 1999]

**§ 515.408 Access to certain safe deposit boxes prohibited.**

Section 515.201 prohibits access to any safe deposit box within the United States in the custody of any designated national or containing any property in which any designated national has any interest or which there is reasonable cause to believe contains property in which any such designated national has any interest. Attention is directed to § 515.517 which authorizes access to such safe deposit boxes under certain conditions.

**§ 515.409 Certain payments to a designated foreign country and nationals through third countries.**

Section 515.201 prohibits any request or authorization made by or on behalf of a bank or other person within the United States to a bank or other person outside of the United States as a result of which request or authorization such latter bank or person makes a payment or transfer of credit either directly or indirectly to a designated national.

**§ 515.410 Dealing abroad in Cuban origin commodities.**

Section 515.204 prohibits, unless licensed, the importation of commodities of Cuban origin. It also prohibits, unless licensed, persons subject to the

**§ 515.411**

jurisdiction of the United States from purchasing, transporting or otherwise dealing in commodities of Cuban origin which are outside the United States.

[39 FR 25317, July 10, 1974]

**§ 515.411 Exclusion from authorization in § 515.518.**

Heirs, legatees, etc. who acquire an interest in blocked property after July 8, 1963 pursuant to § 515.525 are excluded from the provisions of § 515.518 authorizing debits to blocked accounts for certain personal expenditures.

[39 FR 25317, July 10, 1974]

**§ 515.413 [Reserved]**

**§ 515.415 Travel to Cuba; transportation of certain Cuban nationals.**

(a) The following transactions are prohibited by § 515.201 when in connection with the transportation of any Cuban national, except a Cuban national holding an unexpired immigrant or non-immigrant visa or a returning resident of the United States, from Cuba to the United States, unless otherwise licensed:

- (1) Transactions incident to travel to, from, or within Cuba;
- (2) The transportation to Cuba of a vessel or aircraft;
- (3) The transportation into the United States of any vessel or aircraft which has been in Cuba since the effective date, regardless of registry;
- (4) The provision of any services to a Cuban national, regardless of whether any consideration for such services is furnished by the Cuban national;
- (5) The transportation or importation of baggage or other property of a Cuban national;
- (6) The transfer of funds or other property to any person where such transfer involves the provision of services to a Cuban national or the transportation or importation of, or any transactions involving, property in which Cuba or any Cuban national has any interest, including baggage or other such property;
- (7) Any other transaction such as payment of port fees and charges in Cuba and payment for fuel, meals, lodging; and
- (8) The receipt or acceptance of any gratuity, grant, or support in the form

**31 CFR Ch. V (7-1-02 Edition)**

of meals, lodging, fuel, payments of travel or maintenance expenses, or otherwise, in connection with travel to or from Cuba or travel or maintenance within Cuba.

(b) Transactions incident to the travel to the United States of Cuban nationals traveling without a visa issued by the Department of State are not authorized under the provisions of § 515.571.

(c) Transactions described in paragraph (a) of this section are not “transactions ordinarily incident to travel to and from Cuba” as set forth in § 515.560(c).

[45 FR 32671, May 19, 1980, as amended at 64 FR 25812, May 13, 1999]

**§§ 515.416-515.417 [Reserved]**

**§ 515.418 Transactions related to telecommunications.**

(a) Section 515.542(c) provides that specific licenses may be issued for transactions incident to the receipt or transmission of communications between the United States and Cuba. Pursuant to § 515.542(c), licenses may be issued for payment to Cuba for full or partial payment of amounts due Cuba as a result of the provision of telecommunications services provided such services and payments are approved by the Federal Communications Commission and are consistent with policy guidelines governing telecommunications between the United States and Cuba established to implement the Cuban Democracy Act of 1992.

(b) Section 515.545 provides, in part, that licenses will be issued in appropriate cases for transactions for travel related to the transmission of information. Pursuant to § 515.545, licenses may be issued on a case-by-case basis for travel transactions related to travel for negotiation or performance of telecommunications agreements for service between the United States and Cuba.

[58 FR 45060, Aug. 26, 1993, as amended at 64 FR 25812, May 13, 1999]

**§ 515.419 [Reserved]**

**§ 515.420 Fully-hosted travel to Cuba.**

(a) A person subject to the jurisdiction of the United States who is not

authorized to engage in travel-related transactions in which Cuba has an interest will not be considered to violate the prohibitions of this part when a person not subject to the jurisdiction of the United States covers the cost of all transactions related to the travel of the person subject to the jurisdiction of the United States (the "fully-hosted" traveler), provided that:

(1) No person subject to the jurisdiction of the United States has made any payments or transferred any property or provided any service to Cuba or a Cuban national in connection with such fully-hosted travel or has prepaid or reimbursed any person for travel expenses, except as authorized in paragraph (b) of this section; and

(2) The travel is not aboard a direct flight between the United States and Cuba authorized pursuant to § 515.572.

(b) Travel will be considered fully hosted notwithstanding a payment by a person subject to the jurisdiction of the United States for transportation to and from Cuba, provided that the carrier furnishing the transportation is not a Cuban national. Persons authorized as travel service providers pursuant to § 515.572 may book passage on behalf of fully-hosted travelers through to Cuba, provided that such travel is not on a direct flight from the United States and that the carrier furnishing the transportation is not a Cuban national.

(c) Unless otherwise authorized pursuant to this part, any person subject to the jurisdiction of the United States who has traveled to Cuba shall be presumed to have engaged in travel-related transactions prohibited by § 515.201. This presumption may be rebutted by a statement signed by the traveler providing specific supporting documentation showing that no transactions were engaged in by the traveler or on the traveler's behalf by other persons subject to U.S. jurisdiction or showing that the traveler was fully hosted by a third party not subject to the jurisdiction of the United States and that payments made on the traveler's behalf were not in exchange for services provided to Cuba or any national thereof. The statement should address the circumstances of the travel and explain how it was possible for the

traveler to avoid entering into travel-related transactions such as payments for meals, lodging, transportation, bunkering of vessels, visas, entry or exit fees, and gratuities. If applicable, the statement should state what party hosted the travel and why. The statement must provide a day-to-day account of financial transactions waived or entered into on behalf of the traveler by the host, including but not limited to visa fees, room and board, local or international transportation costs, and Cuban airport departure taxes. In the case of pleasure craft calling at Cuban marinas, the statement must also address related refueling costs, mooring fees, club membership fees, provisions, cruising permits, local land transportation, and departure fees. Travelers fully hosted by a person or persons not subject to the jurisdiction of the United States must also provide an original signed statement from their sponsor or host, specific to that traveler, confirming that the travel was fully hosted and the reasons for the travel.

NOTE TO PARAGRAPH (c): Travelers should be aware that fully-hosted travelers are not travelers whose travel-related transactions are licensed pursuant to this part and therefore such fully-hosted travelers may not engage in the travel-related transactions set forth in § 515.560(c), including the purchase and importation of up to \$100 of Cuban merchandise for personal use. All documentation described in paragraph (c) of this section is subject to the recordkeeping requirements, including the record retention period, in § 501.601 of this chapter.

(d) Persons planning to travel to Cuba may access the Office of Foreign Assets Control's information resources over the Internet at <http://www.treas.gov/ofac>, through the office's fax-on-demand service at 202/622-0077, or by calling the office's Compliance Programs Division at 202/622-2490, prior to their departure to familiarize themselves with the requirements for fully-hosted travel. Other inquiries concerning travel-related transactions should be addressed to the Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220.

[64 FR 25812, May 13, 1999]

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

#### § 515.502 Effect of subsequent license or authorization.

(a) No license or other authorization contained in this part or otherwise issued by or under the direction of the Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, or section 620(a), Pub. L. 87-195, or Proclamation 3447, shall be deemed to authorize or validate any transaction effected prior to the issuance thereof, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Treasury Department 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 part 500 of this chapter unless the regulation, ruling, instruction or license specifically refers to part 500.

#### § 515.503 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude from the operation of any license or from the privileges therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof.

#### § 515.504 Certain judicial proceedings with respect to property of designated nationals.

(a) Subject to the limitations of paragraphs (b), (c) and (d) of this section judicial proceedings are authorized with respect to property in which on or since the “effective date” there has existed the interest of a designated national.

(b) A judicial proceeding is authorized by this section only if it is based upon a cause of action which accrued prior to the “effective date”.

(c) This section does not authorize or license:

(1) The entry of any judgment or of any decree or order of similar or analogous effect upon any judgment book, minute book, journal or otherwise, or the docketing of any judgment in any docket book, or the filing of any judgment roll or the taking of any other similar or analogous action.

(2) Any payment or delivery out of a blocked account based upon a judicial proceeding nor does it authorize the enforcement or carrying out of any judgment or decree or order of similar or analogous effect with regard to any property in which a designated national has an interest.

(d) If a judicial proceeding relates to property in which there exists the interest of any designated national other than a person who would not have been a designated national except for his relationship to an occupied area, such proceeding is authorized only if it is based upon a claim in which no person other than any of the following has had an interest since the “effective date”:

(1) A citizen of the United States;

(2) A corporation organized under the laws of the United States or any State, territory or possession thereof, or the District of Columbia;

(3) A natural person who is and has been since the “effective date” a resident of the United States and who has not been a specially designated national;

(4) A legal representative (whether or not appointed by a court of the United States) or successor in interest by inheritance, device, bequest, or operation of law, who falls within any of the categories specified in paragraphs (a) (1), (2), and (3) of this section but only to the same extent that their principals or predecessors would be qualified by such paragraphs.

#### § 515.505 Certain persons unblocked.

(a) The following persons are hereby licensed as unblocked nationals.

(1) Any person resident in, or organized under the laws of a jurisdiction in, the United States or the authorized trade territory who or which has never been a designated national;

(2) Any individual resident in the United States who is not a specially designated national; and

(3) Any corporation, partnership or association that would be a designated national solely because of the interest therein of an individual licensed in paragraph (a) or (b) of this section as an unblocked national.

(b) Individual nationals of a designated country who have taken up residence in the authorized trade territory may apply to the Office of Foreign Assets Control to be specifically licensed as unblocked nationals.

(c) The licensing of any person as an unblocked national shall not suspend the requirements of any section of this chapter relating to the maintenance or production of records.

[50 FR 27437, July 3, 1985, as amended at 54 FR 5234, Feb. 2, 1989]

**§§ 515.506–515.507 [Reserved]**

**§ 515.508 Payments to blocked accounts in domestic banks.**

(a) Any payment or transfer of credit to a blocked account in a domestic bank in the name of any designated national is hereby authorized providing such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of the interest of a designated national to any other country or person.

(b) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of the designated national who is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(c) 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.

(d) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, or the income derived from such securities to a

blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(e) This section does not authorize any payment or transfer from a blocked account in a domestic bank to a blocked account held under any name or designation which differs from the name or designation of the blocked account from which the payment or transfer is made.

NOTE TO § 515.508: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[32 FR 10846, July 25, 1967, as amended at 58 FR 47645, Sept. 10, 1993; 62 FR 45106, Aug. 25, 1997]

**§ 515.509 Entries in certain accounts for normal service charges.**

(a) Any banking institution within the United States is hereby authorized to:

(1) Debit any blocked account with such banking institution (or with another office within the United States of such banking institution) in payment or reimbursement for normal service charges owed to such banking institution by the owner of such blocked account.

(2) Make book entries against any foreign currency account maintained by it with a banking institution in a designated foreign country for the purpose of responding to debits to such account for normal service charges in connection therewith.

(b) As used in this section, the term *normal service charge* shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, account carrying charges, notary and protest fees, and charges for reference books, photostats, credit reports, transcripts of statements, registered mail insurance, stationery and supplies, check books, and other similar items.

**§515.510**

**31 CFR Ch. V (7-1-02 Edition)**

**§515.510 Payments to the United States, States and political subdivisions.**

(a) The payment from any blocked account to the United States or any agency or instrumentality thereof or to any State, territory, district, county, municipality or other political subdivision in the United States, of customs duties, taxes, and fees payable thereto by the owner of such blocked account is hereby authorized.

(b) This section also authorizes transactions incident to the payment of customs duties, taxes, and fees from blocked accounts, such as the levying of assessments, the creation and enforcement of liens, and the sale of blocked property in satisfaction of liens for customs duties, taxes, and fees.

**§515.511 Transactions by certain business enterprises.**

(a) Except as provided in paragraphs (b), (c) and (d) of this section any partnership, association, corporation or other organization which on the "effective date" was actually engaged in a commercial, banking or financial business within the United States and which is a national of a designated foreign country, is hereby authorized to engage in all transactions ordinarily incidental to the normal conduct of its business activities within the United States.

(b) This section does not authorize any transaction which would require a license if such organization were not a national of a designated foreign country.

(c) This section does not authorize any transaction by a specially designated national.

(d) Any organization engaging in business pursuant to this section shall not engage in any transaction, pursuant to this section or any other license or authorization contained in this part, which, directly or indirectly, substantially diminishes or imperils the assets of such organization or otherwise prejudicially affects the financial position of such organization.

(e) No dealings with regard to any account shall be evidence that any person having an interest therein is actually engaged in commercial, banking or fi-

ancial business within the United States.

**§515.513 Purchase and sale of certain securities.**

(a) The bona fide purchase and sale of securities on a national securities exchange by banking institutions within the United States for the account, and pursuant to the authorization, of nationals of a designated foreign country and the making and receipt of payments, transfers of credit, and transfers of such securities which are necessary incidents of any such purchase or sale are hereby authorized provided the following terms and conditions are complied with:

(1) In the case of the purchase of securities, the securities purchased shall be held in an account in a banking institution within the United States in the name of the national whose account was debited to purchase such securities; and

(2) In the case of the sale of securities, the proceeds of the sale shall be credited to an account in the name of the national for whose account the sale was made and in the banking institution within the United States which held the securities for such national.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(c) Securities issued or guaranteed by the Government of the United States or any State, territory, district, county, municipality, or other political subdivision thereof (including agencies and instrumentalities of the foregoing) need not be purchased or sold on a national securities exchange, but purchases or sales of such securities shall be made at market value and pursuant to all other terms and conditions prescribed in this section.

**§515.514 Payment of dividends and interest on and redemption and collection of securities.**

(a) The payment to, and receipt by, a banking institution within the United

States of funds or other property representing dividends or interest on securities held by such banking institution in a blocked account is hereby authorized provided the funds or other property are credited to or deposited in a blocked account in such banking institution in the name of the national for whose account the securities were held. Notwithstanding § 515.202, this paragraph authorizes the foregoing transactions although such securities are registered or inscribed in the name of any designated national and although the national in whose name the securities are registered or inscribed may not be the owner of such blocked account.

(b) The payment to, and receipt by, a banking institution within the United States of funds payable in respect of securities (including coupons) presented by such banking institution to the proper paying agents within the United States for redemption or collection for the account and pursuant to the authorization of nationals of a designated country is hereby authorized provided the proceeds of the redemption or collection are credited to a blocked account in such banking institution in the name of the national for whose account the redemption or collection was made.

(c) The performance of such other acts, and the effecting of such other transactions, as may be necessarily incident to any of the foregoing, are also hereby authorized.

(d) This section does not authorize the crediting of the proceeds of the redemption or collection of securities (including coupons) held in a blocked account or a subaccount thereof, or the income derived from such securities to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(e) This section does not authorize any issuer or other obligor, with respect to a security, who is a designated national, to make any payment, transfer or withdrawal.

**§ 515.515 Transfers of securities to blocked accounts in domestic banks.**

(a) Transactions ordinarily incident to the transfer of securities from a blocked account in the name of any person to a blocked account in the same name in a domestic bank are hereby authorized provided such securities shall not be transferred from any blocked account if such transfer represents, directly or indirectly, a transfer of the interest of a designated national to any other country or person.

(b) This section does not authorize the transfer of securities held in a blocked account or subaccount thereof to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

[32 FR 10847, July 25, 1967]

**§ 515.516 Voting and soliciting of proxies on securities.**

Notwithstanding § 515.202, the voting and the soliciting of proxies or other authorizations is authorized with respect to the voting of securities issued by a corporation organized under the laws of the United States or of any State, territory, or district thereof, in which a designated national has any interest.

**§ 515.517 Access to safe deposit boxes under certain conditions.**

(a) Access to any safe deposit box leased to a designated national or containing property in which any designated national has an interest, and the deposit therein or removal therefrom of any property is hereby authorized, provided the following terms and conditions are complied with:

(1) Access shall be permitted only in the presence of an authorized representative of the lessor of such box; and

(2) In the event that any property in which any designated national has any interest is to be removed from such box, access shall be permitted only in

**§515.518**

the presence of an authorized representative of a banking institution within the United States, which may be the lessor of such box, which shall receive such property into its custody immediately upon removal from such box and which shall hold the same in a blocked account under an appropriate designation indicating the interest therein of designated nationals.

(b) The terms and conditions set forth in paragraph (a) of this section shall not apply to access granted to a representative of the Office of Alien Property pursuant to any rule, regulation or order of such Office.

**§515.518 [Reserved]**

**§515.519 Limited payments from accounts of United States citizens abroad.**

(a) Payments and transfers of credit from blocked accounts for expenditures within the United States or the authorized trade territory of any citizens of the United States who are within any foreign country are hereby authorized provided the following terms and conditions are complied with:

(1) Such payments and transfers shall be made only from blocked accounts in the name, or in which the beneficial interest is held by, such citizen or his family; and

(2) The total of all such payments and transfers made under this section shall not exceed \$1,000 in any one calendar month for any such citizen or his family.

(b) This section does not authorize any remittance to a designated foreign country or, any payment, transfer, or withdrawal which could not be effected without a license by a person within the United States who is not a national of a designated foreign country.

[28 FR 6974, July 9, 1963, as amended at 49 FR 27144, July 2, 1984]

**§515.520 Payments from accounts of United States citizens in employ of United States in foreign countries and certain other persons.**

(a) Banking institutions within the United States are hereby authorized to make all payments, transfers and withdrawals from accounts in the name of citizens of the United States while

**31 CFR Ch. V (7-1-02 Edition)**

such citizens are within any foreign country in the course of their employment by the Government of the United States.

(b) Banking institutions within the United States are also hereby authorized to make all payments, transfers and withdrawals from accounts in the name of members of the armed forces of the United States and of citizens of the United States accompanying such armed forces in the course of their employment by any organization acting on behalf of the Government of the United States while such persons are within any foreign country.

(c) This section is deemed to apply to the accounts of members of the armed forces of the United States and of citizens of the United States accompanying such armed forces in the course of their employment by the Government of the United States or by any organization acting on its behalf even though they are captured or reported missing.

**§515.521 U.S. assets of certain Cuban corporations.**

(a) Specific licenses may be issued unblocking the net pro rata shares of individuals who are permanent residents of the United States or the authorized trade territory, and who are not specially designated nationals, in U.S.-located assets of corporations formed under the laws of Cuba, after deducting the total debt due creditors for claims that accrued prior to the effective date, in cases where all of the following conditions are met:

(1) The assets were owned by, or accrued to, the corporation before the effective date of the regulations;

(2) The corporation did not carry on substantial business in Cuba under the management or control of the applicant(s) after the effective date;

(3) In cases where the blocked assets purportedly have been nationalized by Cuba, compensation has not been paid to the applicant(s).

(b) Applications for specific licenses under this section must include all of the following information:

(1) A detailed description of the corporation, its by-laws, activities, distribution of shares, and its current status;



(2) Proof of the permanent residence of the applicant(s) in the United States or the authorized trade territory;

(3) A list of all officers, directors and shareholders of the corporation, giving the citizenship and the residence of each person as of the date of the application;

(4) A detailed description of all of the assets of the corporation, wherever located, including a statement of all known encumbrances or claims against them; and

(5) Detailed information regarding the status of all debts and other obligations of the corporation, specifying the citizenship and residence of each creditor on the effective date and on the date of the application.

[50 FR 33720, Aug. 21, 1985. Redesignated at 64 FR 25813, May 13, 1999]

**§ 515.522 U.S. assets of certain Cuban decedents.**

(a) Specific licenses may be issued unblocking the net pro rata shares of certain heirs of designated nationals in U.S.-located estate assets, after deducting the total debt due creditors for claims that accrued prior to the effective date, in cases where all of the following conditions are met:

(1) The applicant is a permanent resident of the United States or the authorized trade territory and is not a specially designated national; and

(2) No interest on the part of a designated national not licensed as an unblocked national pursuant to § 515.505 exists in that portion of the assets to which the applicant is entitled.

(b) Applications for specific licenses under this section must include all of the following information:

(1) Proof of permanent residence in the United States or the authorized trade territory, to be established by the submission of documentation issued by relevant government authorities that must include at least two of the following documents: (i) passport; (ii) voter registration card; (iii) permanent resident alien card; or (iv) national identity card. Other documents tending to show residency, such as income tax returns, may also be submitted in support of government documentation, but will not suffice in and of themselves;

(2) Proof of death of the designated national to be established by a death certificate;

(3) Proof of heirship, to be established by a copy of the decedent's duly executed will certified by a probate court, a court decree determining the heirs, or, failing the availability of such documents, copies of certificates establishing the relationship of the heir to the deceased, *e.g.*, birth or marriage certificates;

(4) A description of the assets involved, including interest due on blocked funds since April 1, 1979, the name and address of the institution in which the assets are held, the account or safe deposit box number, the name in which the assets are held and a statement of all known encumbrances or claims against them; and

(c) Any document provided pursuant to this section that is not written in the English language must be accompanied by a translation into English, as well as a certification by the translator that he is not an interested party to the proceeding, is qualified to make the translation, and has made an accurate translation of the document in question.

[54 FR 5235, Feb. 2, 1989. Redesignated at 64 FR 25813, May 13, 1999]

**§ 515.523 Transactions incident to the administration of decedents' estates.**

(a) The following transactions are authorized in connection with the administration of the assets in the United States of any blocked estate of a decedent:

(1) The appointment and qualification of a personal representative;

(2) The collection and preservation of such assets by such personal representative and the payment of all costs, fees and charges in connection therewith; and

(3) The payment by such personal representative of funeral expenses and expenses of the last illness.

(4) Any transfer of title pursuant to a valid testamentary disposition.

This paragraph does not authorize any unblocking or distribution of estate assets to a designated national.

**§515.524**

**31 CFR Ch. V (7-1-02 Edition)**

(b) In addition to the authorization contained in paragraph (a) of this section, all other transactions incident to the administration of assets situated in the United States of any blocked estate of a decedent are authorized if:

(1) The decedent was not a national of a designated foreign country at the time of his death;

(2) The decedent was a citizen of the United States and a national of a designated foreign country at the time of his death solely by reason of his presence in a designated foreign country as a result of his employment by, or service with the United States Government; or

(3) The assets are unblocked under a specific license issued pursuant to §515.522.

(c) Any property or interest therein distributed pursuant to this section to a designated national shall be regarded for the purpose of this chapter as property in which such national has an interest and shall accordingly be subject to all the pertinent sections of this chapter. Any payment or distribution of any funds, securities or other choses in action to a designated national shall be made by deposit in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by a court having jurisdiction of the estate. Any such deposit shall be made in one of the following ways:

(1) In the name of the national who is the ultimate beneficiary thereof;

(2) In the name of a person who is not a national of a designated foreign country in trust for the national who is the ultimate beneficiary; or

(3) Under some other designation which clearly shows the interest therein of such national.

(d) Any distribution of property authorized pursuant to this section may be made to a trustee of any testamentary trust or to the guardian of an estate of a minor or of an incompetent.

(e) This section does not authorize:

(1) Any designated national to act as personal representative or co-representative of any estate;

(2) Any designated national to represent, directly or indirectly, any person who has an interest in an estate;

(3) Any designated national to take distribution of any property as the trustee of any testamentary trust or as the guardian of an estate of a minor or of an incompetent; or

(4) Any transaction which could not be effected if no designated national had any interest in such estate.

(f) Any payment or distribution authorized by this section may be deposited in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by the court having jurisdiction of the estate in one of the ways prescribed in paragraph (c) (1), (2) or (3) of this section, but this section does not authorize any other transaction directly or indirectly at the request, or upon the instructions of any designated national.

[28 FR 6974, July 9, 1963, as amended at 54 FR 5234, Feb. 2, 1989; 64 FR 25813, May 13, 1999]

**§515.524 Payment from, and transactions in the administration of certain trusts and estates.**

(a) Any bank or trust company incorporated under the laws of the United States, or of any State, territory, possession, or district of the United States, or any private bank subject to supervision and examination under the banking laws of any State of the United States, acting as trustee of a trust created by gift, donation or bequest and administered in the United States, or as legal representative of an estate of an infant or incompetent administered in the United States, in which trust or estate one or more persons who are designated nationals have an interest, beneficial or otherwise, or are co-trustees or co-representatives, is hereby authorized to engage in the following transactions:

(1) Payments of distributive shares of principal or income to all persons legally entitled thereto upon the condition prescribed in paragraph (b) of this section.

(2) Other transactions arising in the administration of such trust or estate which might be engaged in if no national of a designated foreign country were a beneficiary, co-trustee or co-representative of such trust or estate upon the condition prescribed in paragraph (b) of this section.

(b) Any payment or distribution of any funds, securities or other choses in action to a national of a designated foreign country under this section shall be made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof.

(c) Any payment or distribution into a blocked account in a domestic bank in the name of any such national of a designated foreign country who is the ultimate beneficiary of and legally entitled to any such payment or distribution is authorized by this section, but this section does not authorize such trustee or legal representative to engage in any other transaction at the request, or upon the instructions, of any beneficiary, co-trustee or co-representative of such trust or estate or other person who is a national of any designated foreign country.

(d) The application of this section to trusts is limited to trusts established by gift, donation, or bequest from individuals or entities to benefit specific heirs, charitable causes, and similar beneficiaries. This section does not apply to trusts established for business or commercial purposes, such as sinking funds established by an issuer of securities in order to secure payment of interest or principal due on such securities.

[28 FR 6974, July 9, 1963, as amended at 49 FR 27144, July 2, 1984; 54 FR 5234, Feb. 2, 1989]

**§ 515.525 Certain transfers by operation of law.**

(a) The following are hereby authorized:

(1) Any transfer of any dower, curtesy, community property, or other interest of any nature whatsoever, provided that such transfer arises solely as a consequence of the existence or change of marital status;

(2) Any transfer to any person by intestate succession;

(3) Any transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition; and

(4) Any transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testa-

mentary disposition or intestate succession.

(b) Except to the extent authorized by § 515.522, § 515.523 or by any other license or authorization contained in or issued pursuant to this part no transfer to any person by intestate succession and no transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition, and no transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testamentary disposition or intestate succession shall be deemed to terminate the interest of the decedent in the property transferred if the decedent was a designated national.

[28 FR 6974, July 9, 1963, as amended at 54 FR 5234, Feb. 2, 1989; 64 FR 25813, May 13, 1999]

**§ 515.526 Transactions involving blocked life insurance policies.**

(a) The following transactions are hereby authorized:

(1) The payment of premiums and interest on policy loans with respect to any blocked life insurance policy;

(2) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest is that of one or more of the following:

(i) A member of the armed forces of the United States or a person accompanying such forces (including personnel of the American Red Cross, and similar organizations);

(ii) An officer or employee of the United States; or

(iii) A citizen of the United States resident in a designated foreign country; and

(3) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest (other than that of a person specified in paragraph (a)(2) of this section) is that of a beneficiary.

(b) Paragraph (a) of this section does not authorize:

(1) Any payment to the insurer from any blocked account except a blocked account of the insured or beneficiary, or

(2) Any payment by the insurer to a national of a designated foreign country unless payment is made by deposit in a blocked account in a domestic

**§515.527**

**31 CFR Ch. V (7-1-02 Edition)**

bank in the name of the national who is the ultimate beneficiary thereof.

(c) The application, in accordance with the provisions of the policy or the established practice of the insurer of the dividends, cash surrender value, or loan value, of any blocked life insurance policy is also hereby authorized for the purpose of:

- (1) Paying premiums;
- (2) Paying policy loans and interest thereon;
- (3) Establishing paid-up insurance; or
- (4) Accumulating such dividends or values to the credit of the policy on the books of the insurer.

(d) As used in this section:

(1) The term *blocked life insurance policy* shall mean any life insurance policy or annuity contract, or contract supplementary thereto, in which there is a blocked interest.

(2) Any interest of a national of a designated foreign country shall be deemed to be a "blocked interest."

(3) The term *servicing* shall mean the following transactions with respect to any blocked life insurance policy:

(i) The payment of premiums, the payment of loan interest, and the repayment of policy loans;

(ii) The effecting by a life insurance company or other insurer of loans to an insured;

(iii) The effecting on behalf of an insured of surrenders, conversions, modifications, and reinstatements; and

(iv) The exercise or election by an insured of nonforfeiture options, optional modes of settlement, optional disposition of dividends, and other policy options and privileges not involving payment by the insurer.

(4) The term *transfer* shall mean the change of beneficiary, or the assignment or pledge of the interest of an insured in any blocked life insurance policy subsequent to the issuance thereof.

(e) This section does not authorize any transaction with respect to any blocked life insurance policy issued by a life insurance company or other insurer which is a national of a designated foreign country or which is not doing business or effecting insurance in the United States.

**§515.527 Certain transactions with respect to United States intellectual property.**

(a)(1) Transactions related to the registration and renewal in the United States Patent and Trademark Office or the United States Copyright Office of patents, trademarks, and copyrights in which the Government of Cuba or a Cuban national has an interest are authorized.

(2) No transaction or payment is authorized or approved pursuant to paragraph (a)(1) of this section with respect to a mark, trade name, or commercial name that is the same as or substantially similar to a mark, trade name, or commercial name that was used in connection with a business or assets that were confiscated, as that term is defined in §515.336, unless the original owner of the mark, trade name, or commercial name, or the bona fide successor-in-interest has expressly consented.

(b) This section authorizes the payment from blocked accounts or otherwise of fees currently due to the United States Government in connection with any transaction authorized in paragraph (a) of this section.

(c) This section further authorizes the payment from blocked accounts or otherwise of the reasonable and customary fees and charges currently due to attorneys or representatives within the United States in connection with the transactions authorized in paragraph (a) of this section.

[60 FR 54196, Oct. 20, 1995, as amended at 64 FR 25813, May 13, 1999]

**§515.528 Certain transactions with respect to blocked foreign intellectual property.**

(a) The following transactions by any person who is not a designated national are hereby authorized:

(1) The filing and prosecution of any application for a blocked foreign patent, trademark or copyright, or for the renewal thereof;

(2) The receipt of any blocked foreign patent, trademark or copyright;

(3) The filing and prosecution of opposition or infringement proceedings with respect to any blocked foreign patent, trademark, or copyright, and

the prosecution of a defense to any such proceedings;

(4) The payment of fees currently due to the government of any foreign country, either directly or through an attorney or representative, in connection with any of the transactions authorized by paragraphs (a) (1), (2), and (3) of this section or for the maintenance of any blocked foreign patent, trademark or copyright; and

(5) The payment of reasonable and customary fees currently due to attorneys or representatives in any foreign country incurred in connection with any of the transactions authorized by paragraphs (a) (1), (2), (3), or (4) of this section.

(b) Payments effected pursuant to the terms of paragraphs (a) (4) and (5) of this section may not be made from any blocked account.

(c) As used in this section the term *blocked foreign patent, trademark, or copyright* shall mean any patent, petty patent, design patent, trademark or copyright issued by any foreign country in which a designated foreign country or national thereof has an interest, including any patent, petty patent, design patent, trademark, or copyright issued by a designated foreign country.

[28 FR 6974, July 9, 1963, as amended at 60 FR 54196, Oct. 20, 1995]

**§ 515.529 Powers of attorney.**

(a) No power of attorney, whether granted before or after the “effective date” shall be invalid by reason of any of the provisions of this part with respect to any transaction licensed by or pursuant to the provisions of this part.

(b) This section does not authorize any transaction pursuant to a power of attorney if such transaction is prohibited by § 515.201 and is not otherwise licensed or authorized by or pursuant to this part.

(c) This section does not authorize the creation of any power of attorney in favor of any person outside of the United States or the exportation from the United States of any power of attorney.

**§ 515.530 Exportation of powers of attorney or instructions relating to certain types of transactions.**

(a) The exportation to any foreign country of powers of attorney or other instruments executed or issued by any person within the United States who is not a national of a designated foreign country, which are limited to authorizations or instructions to effect transactions incident to the following, are hereby authorized upon the condition prescribed in paragraph (b) of this section:

(1) The representation of the interest of such person in a decedent’s estate which is being administered in a designated foreign country and the collection of the distributive share of such person in such estate;

(2) The maintenance, preservation, supervision or management of any property located in a designated foreign country in which such person has an interest; and

(3) The conveyance, transfer, release, sale or other disposition of any property specified in paragraph (a)(1) of this section or any real estate or tangible personal property if the value thereof does not exceed the sum of \$5,000 or its equivalent in foreign currency.

(b) No instrument which authorizes the conveyance, transfer, release, sale or other disposition of any property may be exported under this section unless it contains an express stipulation that such authority may not be exercised if the value of such property exceeds the sum of \$5,000 or the equivalent thereof in foreign currency.

(c) As used in this section, the term *tangible personal property* shall not include cash, bullion, deposits, credits, securities, patents, trademarks, or copyrights.

**§ 515.531 Payment of certain checks and drafts.**

(a) Any banking institution within the United States is hereby authorized to make payments from blocked accounts with such banking institution:

(1) Of checks and drafts drawn or issued prior to the “effective date” provided:

**§515.532**

(i) The amount involved in any one payment, acceptance, or debit does not exceed \$500; or

(ii) The check or draft was within the United States in process of collection by a domestic bank on or prior to the "effective date."

(2) [Reserved]

(b) This section does not authorize any payment to a designated foreign country or any designated national thereof except payments into a blocked account in a domestic bank, unless such designated national is otherwise licensed to receive such payment.

(c) The authorization contained in this section shall expire at the close of business on August 8, 1963.

**§515.532 Completion of certain securities transactions.**

(a) Banking institutions within the United States are hereby authorized to complete, on or before July 12, 1963 purchases and sales made prior to the "effective date" of securities purchased or sold for the account of a designated foreign country or any designated national thereof provided the following terms and conditions are complied with, respectively:

(1) The proceeds of such sale are credited to a blocked account in a banking institution in the name of the person for whose account the sale was made; and

(2) The securities so purchased are held in a blocked account in a banking institution in the name of the person for whose account the purchase was made.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

**§515.533 Transactions incident to exportations from the United States and reexportations of U.S.-origin items to Cuba.**

(a) All transactions ordinarily incident to the exportation of goods, wares, and merchandise from the United States, or the reexportation of

**31 CFR Ch. V (7-1-02 Edition)**

U.S.-origin goods, wares, and merchandise from a third country, to any person within Cuba are hereby authorized, provided the following terms and conditions are complied with:

(1) The exportation or reexportation is licensed or otherwise authorized by the Department of Commerce under the provisions of the Export Administration Act of 1979, as amended (50 U.S.C. app. 2401-2420) (see the Export Administration Regulations, 15 CFR 730-774); and

(2) Only the following payment or financing terms may be used:

(i) Payment of cash in advance;

(ii) For authorized sales of agricultural items, financing by a banking institution located in a third country provided the banking institution is not a designated national, United States citizen, United States permanent resident alien, or an entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches). Such financing may be confirmed or advised by a United States banking institution; or

(iii) For all other authorized sales, financing by a banking institution located in a third country provided the banking institution is not a designated national or a person subject to the jurisdiction of the United States. Such financing may be confirmed or advised by a United States banking institution.

(b) This section does not authorize any exportation under General License SHIP STORES, 15 CFR 771.9, to any vessel carrying goods or passengers to or from Cuba or carrying goods in which Cuba or a Cuban national has an interest.

(c) This section does not authorize:

(1) The financing of any transaction from any blocked account;

(2) Any transaction involving, directly or indirectly, property in which any designated national, other than a person located in the country to which the exportation is consigned, has an interest, or has had an interest since the "effective date."

(d) This section does not authorize any exportation under License Exception GFT, 15 CFR 740.12, except gift

parcels that contain only food, vitamins, seeds, medicines, medical supplies and devices, hospital supplies and equipment, equipment for the handicapped, clothing, personal hygiene items, veterinary medicines and supplies, fishing equipment and supplies, soap-making equipment, or certain radio equipment and batteries for such equipment, as specifically set forth in 15 CFR 740.12, and that otherwise comply with the requirements of that section.

(e) Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and other transactions that are directly incident to the marketing, sales negotiation, accompanied delivery, or servicing of exports or reexports that are consistent with the export or reexport licensing policy of the Department of Commerce.

NOTE TO § 515.533: For the waiver of the prohibition contained in § 515.207 on certain vessel transactions for vessels transporting shipments of goods, wares, or merchandise between the United States and Cuba pursuant to this section, see § 515.550.

[28 FR 6974, July 9, 1963, as amended at 57 FR 15216, Apr. 24, 1992; 59 FR 44885, Aug. 30, 1994; 64 FR 25813, May 13, 1999; 66 FR 36687, July 12, 2001]

**§ 515.535 Exchange of certain securities.**

(a) Subject to the limitations and conditions of paragraph (b) of this section and notwithstanding § 515.202, any banking institution within the United States is authorized to engage in the following transactions with respect to securities listed on a national securities exchange, including the withdrawal of such securities from blocked accounts:

- (1) Exchange of certificates necessitated by reason of changes in corporate name, par value or capitalization,
- (2) Exchanges of temporary for permanent certificates,
- (3) Exchanges or deposits under plans of reorganization,
- (4) Exchanges under refunding plans, or
- (5) Exchanges pursuant to conversion privileges accruing to securities held.

(b) This section does not authorize the following transactions:

(1) Any exchange of securities unless the new securities and other proceeds, if any, received are deposited in the blocked account in which the original securities were held immediately prior to the exchange.

(2) Any exchange of securities registered in the name of any designated national, unless the new securities received are registered in the same name in which the securities exchanged were registered prior to the exchange.

(3) Any exchange of securities issued by a person engaged in the business of offering, buying, selling, or otherwise dealing, or trading in securities, or evidences thereof, issued by another person.

(4) Any transaction with respect to any security by an issuer or other obligor who is a designated national.

**§ 515.536 Certain transactions with respect to merchandise affected by § 515.204.**

(a) With respect to merchandise the importation of which is prohibited by § 515.204, all Customs transactions are authorized except the following:

- (1) Entry for consumption (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any other informal entries);
- (2) Entry for immediate exportation;
- (3) Entry for transportation and exportation;
- (4) Withdrawal from warehouse;
- (5) Transfer or withdrawal from a foreign-trade zone; or
- (6) Manipulation or manufacture in a warehouse or in a foreign-trade zone.

(b) Paragraph (a) of this section is intended solely to allow certain restricted disposition of merchandise which is imported without proper authorization. Paragraph (a) of this section does not authorize the purchase or importation of any merchandise.

(c) The purchase outside the United States for importation into the United States of nickel-bearing materials presumptively subject to § 515.204 and the importation of such merchandise into the United States (including transactions listed in paragraph (a) of this section) are authorized if there is presented to the collector of customs in connection with such importation the

## § 515.540

original of an appropriate certificate of origin as defined in paragraph (d) of this section and provided that the merchandise was shipped to the United States directly, or on a through bill of lading, from the country issuing the appropriate certificate of origin.

(d) A certificate of origin is appropriate for the purposes of this section only if

(1) It is a certificate of origin the availability of which for Cuban Assets Control purposes has been announced in the FEDERAL REGISTER by the Office of Foreign Assets Control; and

(2) It bears a statement by the issuing agency referring to the Cuban Assets Control Regulations or stating that the certificate has been issued under procedures agreed upon with the U.S. Government.

[30 FR 15371, Dec. 14, 1965, as amended at 47 FR 4254, Jan. 29, 1982; 50 FR 5753, Feb. 12, 1985; 54 FR 5234, Feb. 2, 1989]

## § 515.540 [Reserved]

## § 515.542 Telecommunications, information, and informational materials.

(a) All transactions of common carriers incident to the receipt or transmission of mail between the United States and Cuba are hereby authorized.

(b) Except as provided in paragraph (c) of this section, all transactions incident to the use of cables, satellite channels, radio signals, or other means of telecommunications for the provision of telecommunications services between Cuba and the United States, including telephone, telegraph and similar services, and the transmission of radio and television broadcasts and news wire feeds between Cuba and the United States, are authorized.

(c) Full or partial payments owed to Cuba as a result of telecommunications services authorized in paragraph (b) of this section are prohibited unless authorized pursuant to specific licenses, which will be issued on a case-by-case basis provided such payments are determined to be consistent with the public interest and the foreign policy of the United States.

[45 FR 58843, Sept. 5, 1980, as amended at 60 FR 39256, Aug. 2, 1995]

## 31 CFR Ch. V (7-1-02 Edition)

## § 515.543 Proof of origin.

Specific licenses for importation of goods of Cuban origin are generally not issued unless the applicant submits satisfactory documentary proof of the location of the goods outside Cuba prior to July 8, 1963 and of the absence of any Cuban interest in the goods at all times on or since that date. Since the type of document which would constitute satisfactory proof varies depending upon the facts of the particular case, it is not possible to state in advance the type of documents required. However, it has been found that affidavits, statements, invoices, and other documents prepared by manufacturers, processors, sellers or shippers cannot be relied on and are therefore not by themselves accepted by the Office of Foreign Assets Control as satisfactory proof of origin. Independent corroborating documentary evidence, such as insurance documents, bills of lading, etc., may be accepted as satisfactory proof.

[39 FR 25317, July 10, 1974]

## § 515.544 Gifts of Cuban origin goods.

(a) Except as stated in paragraph (b) of this section, specific licenses are not issued for the importation of Cuban-origin goods sent as gifts to persons in the United States or acquired abroad as gifts by persons entering the United States. However, licenses are issued upon request for the return of such goods to the donors in countries other than Cuba.

(b) Specific licenses are issued for the importation directly from Cuba:

(1) Of goods which are claimed by the importer to have been sent as a bona fide gift or

(2) Of goods which are imported by a person entering the U.S., which are claimed to have been acquired in Cuba as a bona fide gift, subject to the conditions that:

(i) The goods are of small value, and  
(ii) There is no reason to believe that there is, or has been since July 8, 1963, any direct or indirect financial or commercial benefit to Cuba or nationals thereof from the importation.

[39 FR 25317, July 10, 1974; 39 FR 28434, Aug. 7, 1974, as amended at 49 FR 27144, July 2, 1984]



**§ 515.545 Transactions related to information and informational materials.**

(a) Except as provided in § 515.542(c), all financial and other transactions directly incident to the importation or exportation of information or informational materials are authorized.

(b) Transactions relating to the dissemination of informational materials are authorized, including remittance of royalties paid for informational materials that are reproduced, translated, subtitled, or dubbed. This section does not authorize the remittance of royalties or other payments relating to works not yet in being, or for marketing and business consulting services, or artistic or other substantive alteration or enhancements to informational materials, as provided in § 515.206(a)(3).

(c) Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) for purposes related to the exportation, importation, or transmission of information or informational materials as defined in § 515.332.

[54 FR 5234, Feb. 2, 1989, as amended at 60 FR 39257, Aug. 2, 1995; 64 FR 25813, May 13, 1999]

**§ 515.546 Accounts of Cuban sole proprietorships.**

Specific licenses are issued unblocking sole proprietorships established under the laws of Cuba if the proprietor has emigrated from Cuba and established residence in the United States or a country in the authorized trade territory.

[39 FR 25319, July 10, 1974. Redesignated at 64 FR 25813, May 13, 1999]

**§ 515.547 Research samples.**

Specific licenses are issued for importation of Cuban-origin commodities for bona-fide research purposes in sample quantities only.

[39 FR 25318, July 10, 1974]

**§ 515.548 Services rendered by Cuba to United States aircraft.**

Specific licenses are issued for payment to Cuba of charges for services rendered by Cuba in connection with overflights of Cuba or emergency landings in Cuba, of private, commercial or

government-owned United States aircraft.

[39 FR 25318, July 10, 1974, as amended at 49 FR 27144, July 2, 1984]

**§ 515.549 Bank accounts and other property of non-Cuban citizens who were in Cuba on or after July 8, 1963.**

(a) *Citizens of foreign countries.* Specific licenses are issued unblocking the accounts and other property of non-Cuban citizens who have left Cuba, provided that they submit evidence satisfactorily demonstrating that they have established residence in a foreign country in the authorized trade territory.

(b) *Decedents who died in Cuba on or after July 8, 1963.* Specific licenses are issued authorizing the administration of the estates of non-Cuban decedents who died in Cuba, provided that any distribution to a blocked national of Cuba is made by deposit in a blocked account in a domestic bank in the name of the blocked national.

[39 FR 25318, July 10, 1974]

**§ 515.550 Certain vessel transactions authorized.**

Unless a vessel has otherwise engaged in transactions that would prohibit entry pursuant to § 515.207, § 515.207 shall not apply to a vessel that is:

(a) Engaging in trade with Cuba authorized by licenses issued pursuant to § 515.533 or § 515.559; or

(b) Engaging in trade with Cuba that is exempt from the prohibitions of this part (see § 515.206).

[64 FR 25813, May 13, 1999]

**§ 515.551 Joint bank accounts.**

(a) Specific licenses are issued unblocking a portion of or all of a joint bank account blocked by reason of the fact that one or more of the persons in whose names the account is held is a blocked national, where a non-blocked applicant claims beneficial ownership, as follows:

(1) *Joint bank account, without survivorship provisions.* Specific licenses are issued unblocking only that amount with respect to which the applicant is able to prove beneficial ownership by

**§ 515.552**

**31 CFR Ch. V (7-1-02 Edition)**

documentary evidence independent of his assertions of interest.

(2) *Joint bank account, with survivorship provisions.* Specific licenses are issued unblocking an amount equivalent to that portion of the total amount to which the applicant would be entitled if the total were divided evenly among the persons in whose names the account is held (e.g. 50 percent where there are two names; 33⅓ percent where there are three names). Such licenses generally are issued on the basis of applicant's assertions of beneficial ownership interest without the requirement of independent evidence.

(3) *Joint bank account in the names of a husband and wife, with survivorship provision.* Specific licenses are issued unblocking portions of such accounts blocked by reason of the residence of one spouse in Cuba in favor of the non-blocked spouse under the policy stated in paragraph (a)(2) of this section. However, if 50 percent of the account has been unblocked under that policy, and the spouse who is the blocked Cuban national subsequently dies, the surviving spouse may be entitled to a license unblocking the remainder of the assets under § 515.522.

(b) [Reserved]

[39 FR 25318, July 10, 1974, as amended at 49 FR 27145, July 2, 1984; 54 FR 5234, Feb. 2, 1989; 64 FR 25813, May 13, 1999]

**§ 515.552 Proceeds of insurance policies.**

(a) Specific licenses are issued authorizing payment of the proceeds of blocked life insurance policies issued on the life of a Cuban national who died in Cuba after July 8, 1963, to certain beneficiaries licensed as unblocked nationals pursuant to § 515.505, as follows:

(1) The applicant is a permanent resident of the United States or the authorized trade territory and is not a specially designated national; and

(2) No interest on the part of a designated national not licensed as an unblocked national exists in that portion of the funds to which the applicant is entitled.

(b) Applications for specific licenses under this section must include all of the following information:

(1) Proof of permanent residence in the United States or the authorized trade territory, to be established by the submission of documentation issued by relevant government authorities that must include at least two of the following documents:

- (i) Passport;
  - (ii) Voter registration card;
  - (iii) Permanent resident alien card;
- or
- (iv) National identity card.

Other documents tending to show residency, such as income tax returns, may also be submitted in support of government documentation, but will not suffice in and of themselves;

(2) Proof of entitlement under the insurance policy to be established by a copy of the policy and an affidavit from an appropriate officer of a recognized insurance company acknowledging the legitimacy of the beneficiary's claim and the amount of the payment; and

(c) Any document provided pursuant to this section that is not written in the English language must be accompanied by a translation into English, as well as a certification by the translator that he is not an interested party to the proceeding, is qualified to make the translation, and has made an accurate translation of the document in question.

[54 FR 5234, Feb. 2, 1989]

**§ 515.553 Bank accounts of official representatives in Cuba of foreign governments.**

Specific licenses are issued authorizing payments from accounts of official representatives in Cuba of foreign governments for transactions which are not inconsistent with the purposes of any of the regulations in this chapter.

[39 FR 25319, July 10, 1974]

**§ 515.554 Transfers of abandoned property under State laws.**

(a) Except as stated in paragraphs (b) and (c) of this section, specific licenses are not issued authorizing the transfer of blocked property to State agencies under State laws governing abandoned property.

(b) Specific licenses are issued authorizing the transfer of blocked property, pursuant to the laws of the State governing abandoned property, to the appropriate State agency: *Provided*, That the State's laws are custodial in nature, *i.e.*, there is no permanent transfer of beneficial interest to the State. Licenses require the property to be held by the State in accounts which are identified as blocked under the regulations. A separate index of these blocked assets is required to be maintained by the State agency. The requirements of this section for identification and separate indexing of blocked assets apply to all blocked assets held by State agencies and any licenses issued prior to the effective date of this section hereby are amended by the incorporation of such requirements.

(c) To be eligible for a specific license under this section, the state agency must demonstrate that it has the statutory authority under appropriate state law to comply with the requirements of § 515.205. Such a showing shall include an opinion of the State Attorney General that such statutory authority exists.

[44 FR 11771, Mar. 2, 1979]

**§ 515.555 Assets of Cuban firms wholly or substantially owned by U.S. citizens.**

(a) Specific licenses are issued to applicants requesting the unblocking of their stock in Cuban corporations if:

(1) The corporation was wholly or substantially owned by United States citizens on July 8, 1963;

(2) The assets are in the United States and either;

(3) The applicant is a stockholder who was a United States citizen on July 8, 1963 and owned the stock interests on that date; or,

(4) The applicant is a non-blocked person who acquired such stock interest after July 8, 1963 from a person specified in paragraph (a)(3) of this section.

(b) The issuance of licenses is conditioned on the applicant's furnishing the following information:

(1) Detailed information as to the status of all debts and other obligations of the Cuban corporation, speci-

fying the citizenship and residence of each creditor as of July 8, 1963, and as of the date of filing of the application;

(2) Current status of the Cuban corporation, e.g., liquidated, nationalized, inoperative, etc.;

(3) A detailed description of all the corporation's assets, wherever located;

(4) A list of all officers, directors, and stockholders giving the citizenship and the residence of each such person as of July 8, 1963; and,

(5) Satisfactory proof that such stock was owned by U.S. citizens as of July 8, 1963. Such proof may consist of sworn statements by the persons in question attesting to their citizenship. The Office of Foreign Assets Control reserves the right to require additional proof of citizenship.

[39 FR 25319, July 10, 1974]

**§ 515.556 [Reserved]**

**§ 515.557 Accounts of Cuban partnerships.**

Specific licenses are issued unblocking partnerships established under the laws of Cuba as follows:

(a) Where all of the general partners and limited partners, if any, have emigrated from Cuba and have established residence in the United States or in a country in the authorized trade territory, specific licenses are issued unblocking the assets of the partnership after deducting the total debt due creditors wherever located.

(b) Where one or more partners, whether general or limited, is still in Cuba (or elsewhere but still blocked), specific licenses are issued unblocking only the net pro-rata shares of those partners who are resident in the United States or in a country in the authorized trade territory after deducting the total debt due creditors wherever located.

(c) The issuance of licenses is conditioned on the applicant's furnishing the following information:

(1) Detailed information as to the status of all debts and other obligations of the blocked partnership, specifying the citizenship and residence of each creditor as of July 8, 1963, and as of the date of the application;

## § 515.558

(2) Current status of the Cuban partnership, e.g., liquidated, nationalized, inoperative, etc.;

(3) A detailed description of all the partnership's assets, wherever located; and,

(4) A list of all partners, indicating whether they are general, limited, etc. and giving their citizenship and residence as of July 8, 1963, and as of the date of filing of the application.

[39 FR 25319, July 10, 1974]

### **§ 515.558 Bunkering of Cuban vessels and fueling of Cuban aircraft by American-owned or controlled foreign firms.**

Foreign firms owned or controlled by United States persons are authorized to engage in transactions ordinarily incident to the bunkering of vessels and to the fueling of aircraft owned or controlled by, or chartered to, Cuba or nationals thereof.

(50 U.S.C. App. 5(b); 22 U.S.C. 2370(a); E. O. 9193, 3 CFR 1943 Cum. Supp.; Treas. Dept. Order No. 128, 32 FR 3472)

[42 FR 58518, Nov. 10, 1977; 43 FR 19852, May 9, 1978. Redesignated at 64 FR 25813, May 13, 1999]

### **§ 515.559 Certain transactions by U.S.-owned or controlled foreign firms with Cuba.**

(a) Effective October 23, 1992, no specific licenses will be issued pursuant to paragraph (b) of this section for transactions between U.S.-owned or controlled firms in third countries and Cuba for the exportation to Cuba of commodities produced in the authorized trade zone or for the importation of goods of Cuban origin into countries in the authorized trade zone, unless, in addition to meeting all requirements of paragraph (b), one or more of the following conditions are satisfied:

(1) The contract underlying the proposed transaction was entered into prior to October 23, 1992;

(2) The transaction is for the exportation of medicine or medical supplies from a third country to Cuba, which shall not be restricted:

(i) Except to the extent such restrictions would be permitted under section 5(m) of the Export Administration Act of 1979 or section 203(b)(2) of the International Emergency Economic Powers

## 31 CFR Ch. V (7-1-02 Edition)

Act if the exportation were subject to these provisions;

(ii) Except in a case in which there is a reasonable likelihood that the item to be exported will be used for purposes of torture or other human rights abuses;

(iii) Except in a case in which there is a reasonable likelihood that the item to be exported will be reexported; or

(iv) Except in a case in which the item to be exported could be used in the production of any biotechnological product; and

(v) Except in a case where it is determined that the United States Government is unable to verify, by on-site inspection or other means, that the item to be exported will be used for the purpose for which it was intended and only for the use and benefit of the Cuban people, but this exception shall not apply to donations for humanitarian purposes to a nongovernmental organization in Cuba.

(3) The transaction is for the exportation of telecommunications equipment from a third country, when the equipment is determined to be necessary for efficient and adequate telecommunications service between the United States and Cuba.

(b) Specific licenses will be issued in appropriate cases for certain categories of transactions between U.S.-owned or controlled firms in third countries and Cuba, where local law requires, or policy in the third country favors, trade with Cuba. The categories include:

(1) Exportation to Cuba of commodities produced in the authorized trade territory, provided:

(i) The commodities to be exported are non-strategic;

(ii) United States-origin technical data (other than maintenance, repair and operations data) will not be transferred;

(iii) If any U.S.-origin parts and components are included therein, such inclusion has been authorized by the Department of Commerce;

(iv) If any U.S.-origin spares are to be reexported to Cuba in connection with a licensed transaction, such reexport has been authorized by the Department of Commerce;

(v) No U.S. dollar accounts are involved; and

(vi) Any financing or other extension of credit by a U.S.-owned or controlled firm is granted on normal short-term conditions which are appropriate for the commodity to be exported.

(2) Travel-related transactions set forth in § 515.560(c) and other transactions that are directly incident to marketing, sales negotiation, accompanied delivery, or servicing of exports that are consistent with the licensing policy under this section.

(3) Importation of goods of Cuban origin into countries in the authorized trade territory.

(c) The term *strategic goods* means any item, regardless of origin, of a type included in the Commodity Control List of the U.S. Department of Commerce (15 CFR part 399) and identified by the code letter "A" following the Export Control Commodity Numbers, or of a type the unauthorized exportation of which from the United States is prohibited by regulations issued under the Arms Export Control Act of 1976, 22 U.S.C. 2778, or under the Atomic Energy Act of 1954, 42 U.S.C. 2011, *et seq.*, or successor acts restricting the export of strategic goods.

(d) Specific licenses issued pursuant to the policies set forth in this section do not authorize any person within the United States to engage in, participate in, or be involved in a licensed transactions with Cuba or Cuban nationals. Such involvement includes, but is not limited to, assistance or participation by a U.S. parent firm, or any officer or employee thereof, in the negotiation or performance of a transaction which is the subject of a license application. Such participation is a ground for denial of a license application, or for revocation of a license. To be eligible for a license under this section, the affiliate must be generally independent, in the conduct of transactions of the type for which the license is being sought, in such matters as decision-making, risk-taking, negotiation, financing or arranging of financing, and performance.

NOTE TO § 515.559: For reexportation of U.S.-origin goods, wares, or merchandise by U.S.-owned or controlled foreign firms, see § 515.533. Transactions by U.S.-owned or con-

trolled foreign firms directly incident to the exportation of information or informational materials or the donation of food to non-governmental entities or individuals in Cuba are exempt from the prohibitions of this part. See § 515.206. For the waiver of the prohibitions contained in § 515.207 with respect to vessels transporting shipments of goods, wares, or merchandise pursuant to this section, see § 515.550.

[40 FR 47108, Oct. 8, 1975, as amended at 42 FR 1472, Jan. 7, 1977; 42 FR 16621, Mar. 29, 1977; 50 FR 27438, July 3, 1985; 53 FR 47527, Nov. 23, 1988; 58 FR 34710, June 29, 1993; 64 FR 25814, May 13, 1999; 66 FR 36687, July 12, 2001]

**§ 515.560 Travel-related transactions to, from, and within Cuba by persons subject to U.S. jurisdiction.**

(a) The travel-related transactions listed in paragraph (c) of this section may be authorized either by a general license or on a case-by-case basis by a specific license for travel related to the following activities (see the referenced sections for general and specific licensing criteria):

(1) Family visits (general and specific licenses) (see § 515.561);

(2) Official business of the U.S. government, foreign governments, and certain intergovernmental organizations (general license) (see § 515.562);

(3) Journalistic activity (general and specific licenses) (see § 515.563);

(4) Professional research (general and specific licenses) (see § 515.564);

(5) Educational activities (specific licenses) (see § 515.565);

(6) Religious activities (specific licenses) (see § 515.566);

(7) Public performances, clinics, workshops, athletic and other competitions, and exhibitions (general and specific licenses) (see § 515.567);

(8) Support for the Cuban people (specific licenses) (see § 515.574);

(9) Humanitarian projects (specific licenses) (see § 515.575);

(10) Activities of private foundations or research or educational institutes (specific licenses) (see § 515.576);

(11) Exportation, importation, or transmission of information or informational materials (specific licenses) (see § 515.545); and

(12) Certain export transactions that may be considered for authorization under existing Department of Commerce regulations and guidelines with

## § 515.560

## 31 CFR Ch. V (7-1-02 Edition)

respect to Cuba or engaged in by U.S.-owned or controlled foreign firms (specific licenses) (see §§ 515.533 and 515.559).

(b) Effective October 28, 2000, no specific licenses will be issued authorizing the travel-related transactions in paragraph (c) of this section in connection with activities other than those referenced in paragraph (a) of this section.

(c) Persons generally or specifically licensed under this part to engage in transactions in connection with travel to, from, and within Cuba may engage in the following transactions:

(1) *Transportation to and from Cuba.* All transportation-related transactions ordinarily incident to travel to and from (not within) Cuba, provided no more than \$500 may be remitted to Cuba directly or indirectly in any consecutive 12-month period for fees imposed by the Government of Cuba in conjunction with such travel unless otherwise authorized.

(2) *Living expenses in Cuba.* All transactions ordinarily incident to travel anywhere within Cuba, including payment of living expenses and the acquisition in Cuba of goods for personal consumption there, provided that, unless otherwise authorized, the total for such expenses does not exceed the "maximum per diem rate" for Havana, Cuba in effect during the period that the travel takes place. The per diem rate is published in the State Department's "Maximum Travel Per Diem Allowances for Foreign Areas," a supplement to section 925, Department of State Standardized Regulations (Government Civilians, Foreign Areas), available from the Government Printing Office, Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954, or on the Internet at <http://www.state.gov/www/perdiems/index.html>.

(3) *Purchase in Cuba and importation into the United States of merchandise.* The purchase in Cuba and importation as accompanied baggage into the United States of merchandise with a foreign market value not to exceed \$100 per person, provided the merchandise is imported for personal use only. Such merchandise may not be resold. This authorization may be used only once every six consecutive months. As pro-

vided in § 515.206(a), the purchase and importation of information or informational materials are exempt from all restrictions contained in this part.

(4) *Carrying remittances to Cuba.* The carrying to Cuba of any remittances that the licensed traveler is authorized to remit pursuant to § 515.570, provided that no more than \$300 of remittances authorized by § 515.570(a) or (b) is carried in any one trip, unless otherwise authorized. Those licensed travelers carrying either of the emigration remittances authorized pursuant to § 515.570(c) must be able to produce the visa recipient's full name and date of birth and the number and date of issuance of the visa or other travel authorization issued. A licensed traveler to Cuba is only authorized to carry remittances that he or she is authorized to remit and may not carry remittances being made by other persons.

(5) *Processing certain financial instruments.* All transactions incident to the processing and payment of checks, drafts, travelers' checks, and similar instruments negotiated in Cuba by any person authorized pursuant to this part to engage in financial transactions in Cuba. For purposes of this section, the authorized transactions may be conducted using currency, which is defined as money, cash, drafts, notes, travelers' checks, negotiable instruments, or scrip having a specified or readily determinable face value or worth, but which does not include gold or other precious metals in any form.

NOTE TO PARAGRAPH (c): The authorizations in paragraph (c) of this section do not apply to fully-hosted travelers because their travel-related transactions are not licensed or authorized pursuant to this part. See § 515.420.

(d) A Cuban national departing the United States may carry currency, as that term is defined in paragraph (c)(5) of this section, as follows:

(1) The amount of any currency brought into the United States by the Cuban national and registered with the U.S. Customs Service upon entry;

(2) Up to \$300 in funds received as remittances by the Cuban national during his or her stay in the United States; and

(3) Compensation earned by a Cuban national from a U.S. academic institution up to any amount that can be substantiated through payment receipts from such institution as authorized pursuant to § 515.565(a)(2)(v).

(e) The following transactions by persons generally or specifically licensed to engage in travel-related transactions to, from, and within Cuba are prohibited by § 515.201 unless specifically authorized:

(1) All transactions by persons subject to U.S. jurisdiction related to the utilization of charge cards, including but not limited to debit or credit cards, for expenditures in Cuba.

(2) All transactions related to the processing and payment by persons subject to U.S. jurisdiction, such as charge card issuers or intermediary banks, of charge card instruments (e.g., vouchers, drafts, or sales receipts) for expenditures in Cuba. The issuer of a charge card, or a foreign charge card firm owned or controlled by persons subject to U.S. jurisdiction, is not authorized to deal with a Cuban enterprise, a Cuban national, or a third-country person, such as a franchisee, in connection with the extension of charge card services to any person in Cuba.

(f) Persons traveling to Cuba fully hosted as described in § 515.420 may not carry currency to pay for living expenses or the purchase of goods in Cuba except as specifically licensed pursuant to or exempted from the application of this part.

(g) Nothing in this section authorizes transactions in connection with tourist travel to Cuba, nor does it authorize transactions in relation to any business travel, including making or agreeing to make any investment in Cuba, establishing or agreeing to establish any branch or agency in Cuba, or transferring or agreeing to transfer any property to Cuba, except transfers by or on behalf of individual or group travelers authorized pursuant to this part.

[64 FR 25814, May 13, 1999, as amended at 66 FR 36688, July 12, 2001]

#### § 515.561 Persons visiting family members in Cuba.

(a) *General license.* The travel-related transactions set forth in § 515.560(c) are authorized in connection with travel to Cuba by persons and persons traveling with them who share a common dwelling as a family with them who are traveling to visit close relatives in Cuba in circumstances that demonstrate humanitarian need, provided that the authorization contained in this paragraph may be used only once in any 12-month period. See §§ 501.601 and 501.602 of this chapter for applicable recordkeeping and reporting requirements. Any additional transactions must be specifically licensed pursuant to paragraph (b) of this section.

(b) *Specific licenses.* Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) in connection with travel to Cuba by persons, and persons traveling with them who share a common dwelling as a family with them, who seek to travel to visit close relatives in Cuba more than once in any consecutive 12-month period in cases involving humanitarian need.

(c) For purposes of this section, the term *close relative* used with respect to any person means such person's spouse, child, grandchild, parent, grandparent, great grandparent, uncle, aunt, brother, sister, nephew, niece, first cousin, mother-in-law, father-in-law, son-in-law, daughter-in-law, sister-in-law, brother-in-law, or spouse, widow, or widower of any of the foregoing.

[64 FR 25815, May 13, 1999]

#### § 515.562 Officials of the U.S. government, foreign governments, and certain intergovernmental organizations traveling to, from, and within Cuba on official business.

The travel-related transactions set forth in § 515.560(c) and such additional transactions as are directly incident to activities in their official capacities by persons who are officials of the United States Government, any foreign government, or any intergovernmental organization of which the United States is a member and who are traveling on

## §515.563

the official business of their government or international organization are authorized.

[64 FR 25815, May 13, 1999]

### §515.563 Journalistic activities in Cuba.

(a) *General license.* The travel-related transactions set forth in §515.560(c) and such additional transactions as are directly incident to journalistic activities in Cuba by persons regularly employed as journalists by a news reporting organization or by persons regularly employed as supporting broadcast or technical personnel are authorized.

NOTE TO PARAGRAPH (a): See §§501.601 and 501.602 of this chapter for applicable record-keeping and reporting requirements. The exportation of equipment and other items to be used in journalistic activities may require separate licensing by the Department of Commerce.

(b) *Specific licenses.* (1) Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in §515.560(c) and other transactions that are directly incident to doing research in Cuba for a free-lance article upon submission of an adequate written application including the following documentation:

(i) A detailed itinerary and a detailed description of the proposed research; and

(ii) A resume or similar document showing a record of publications.

(2) To qualify for a specific license pursuant to this section, the itinerary for the proposed research in Cuba for a free-lance article must demonstrate that the research constitutes a full work schedule that could not be accomplished in a shorter period of time.

(3) Specific licenses may be issued pursuant to this section authorizing transactions for multiple trips to Cuba over an extended period of time by applicants demonstrating a significant record of free-lance journalism.

[64 FR 25815, May 13, 1999]

### §515.564 Professional research and professional meetings in Cuba.

(a) *General license.* (1) The travel-related transactions set forth in §515.560(c) and such additional transactions that are directly incident to professional research by full-time pro-

## 31 CFR Ch. V (7-1-02 Edition)

professionals who travel to Cuba to conduct professional research in their professional areas are authorized, provided that:

(i) The research is of a noncommercial, academic nature;

(ii) The research comprises a full work schedule in Cuba;

(iii) The research has a substantial likelihood of public dissemination; and

(iv) The research does not fall within the categories of activities described in paragraph (c), (d), or (e) of this section.

(2) The travel-related transactions set forth in §515.560(c) and such additional transactions as are directly incident to travel to Cuba by full-time professionals to attend professional meetings or conferences in Cuba organized by an international professional organization, institution, or association that regularly sponsors meetings or conferences in other countries are authorized, provided that:

(i) The international professional organization, institution, or association is not headquartered in the United States unless that organization, institution, or association has been specifically licensed to sponsor the meeting in Cuba;

(ii) The purpose of the meeting or conference is not the promotion of tourism in Cuba or other commercial activities involving Cuba that are inconsistent with this part; and

(iii) The meeting or conference is not intended primarily for the purpose of fostering production of any biotechnological products.

NOTE TO PARAGRAPH (a): See §§501.601 and 501.602 of this chapter for applicable record-keeping and reporting requirements. Exportation of equipment and other items, including the transfer of technology or software to foreign persons ("deemed exportation") and items not eligible for Department of Commerce GFT or BAG License Exceptions, 15 CFR 740.12 and 740.14, may require separate authorization by the Department of Commerce.

(b) *Specific licensing.* Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in §515.560(c) and other transactions that are directly incident to professional research and professional meetings that do not qualify for the general license in paragraph (a) of this section. Specific licenses may



be issued pursuant to this section authorizing transactions for multiple trips to Cuba over an extended period of time by applicants demonstrating a significant record of research. Specific licenses will not be issued for travel-related transactions for purposes of attendance at meetings or conferences in Cuba organized by the Cuban government where such meetings or conferences could be intended primarily for the purpose of fostering the production of any biotechnological products.

(c) Categories of activities that do not qualify for the general license in paragraph (a) of this section and for which the specific licenses described in paragraph (b) of this section will not be issued include recreational travel; tourist travel; travel in pursuit of a hobby; research for personal satisfaction only; and any travel for an authorized professional research purpose if the schedule of activities includes free time, travel, or recreation in excess of that consistent with a full work schedule of professional research or attendance at professional meetings or conferences.

(d) An entire group does not qualify for the general license in paragraph (a) of this section and will not be issued a specific license under paragraph (b) of this section merely because some members of the group could qualify individually for such licenses.

*Example 1 to paragraph (d):* A musicologist travels to Cuba to do research on Cuban music pursuant to the general license for professional researchers set forth in paragraph (a) of this section. Others who are simply interested in music but who do not research music as part of their careers may not engage in travel-related transactions with the musicologist in reliance on this general license. For example, an art historian who plays in the same band with the musicologist would not qualify as a professional researcher of Cuban music for purposes of this general license.

*Example 2 to paragraph (d):* A specific license issued pursuant to paragraph (b) of this section authorizing travel-related transactions by a fish biologist who travels to Cuba to engage in professional research does not authorize transactions by other persons who might travel with the fish biologist but whose principal purpose in travel is to engage in recreational or trophy fishing. The fact that such persons may engage in certain activities with or under the direction of the professional fish biologist, such as measuring

or recording facts about their catch, does not bring these individuals' activities within the scope of professional research and similar activities.

(e) A person will not qualify as engaging in professional research merely because that person is a professional who plans to travel to Cuba.

*Example 1 to paragraph (e):* A professor of history interested in traveling to Cuba for the principal purpose of learning or practicing Spanish or attending general purpose lectures devoted to Cuban culture and contemporary life does not qualify for the general license in paragraph (a) of this section or for a specific license issued pursuant to paragraph (b) of this section.

*Example 2 to paragraph (e):* A professional photographer who wishes to take photographs in Cuba that will become the basis for creating post cards, paintings, and other secondary products or that merely document the photographer's travel does not qualify for the general license in paragraph (a) of this section or for a specific license issued pursuant to paragraph (b) of this section.

[64 FR 25815, May 13, 1999]

#### § 515.565 Educational activities.

(a) *Specific license for U.S. academic institutions—(1) Issuance; renewal.* A specific license may be issued to an accredited U.S. academic institution authorizing the institution and its students and employees to engage, under the auspices of the institution, in educational activities involving transactions in which Cuba or a Cuban national has an interest. The application for the specific license must establish that the U.S. academic institution is accredited by an appropriate national or regional educational accrediting association. The specific license may be renewed after a period of two years to authorize the accredited U.S. academic institution and its students and employees to continue to engage in the transactions authorized under the institution's license.

(2) *Scope of transactions authorized under U.S. academic institution's specific license; documentation.* Upon receipt of a specific license pursuant to paragraph (a)(1) of this section by the accredited U.S. academic institution, the institution and its students and employees are authorized to engage in the travel-related transactions set forth in

**§515.565**

**31 CFR Ch. V (7-1-02 Edition)**

§515.560(c) and such additional transactions as are directly incident to any of the categories of educational activities set forth in paragraphs (a)(2)(i) through (a)(2)(vii) of this section undertaken under the auspices of the specifically-licensed institution. Activities covered by this authorization are limited to the following:

(i) Participation in a structured educational program by an undergraduate or graduate student or undergraduate or graduate student group as part of a course offered at an accredited U.S. college or university. A student planning to engage in such transactions in Cuba must carry a letter from the U.S. academic institution stating that the student is currently enrolled in an undergraduate or graduate degree program there and that the Cuba travel is part of a structured educational program of that institution and citing the number of the relevant U.S. academic institution's specific license.

(ii) Noncommercial academic research in Cuba specifically related to Cuba by a person working to qualify academically as a professional (for example, research toward a graduate degree). A student planning to engage in such transactions in Cuba must carry a letter from the student's accredited U.S. academic institution stating that the individual is currently enrolled in a graduate degree program and that the Cuba research will be accepted for credit toward that degree and citing the number of the relevant U.S. academic institution's specific license.

(iii) Participation in a formal course of study at a Cuban academic institution by an undergraduate or graduate student currently enrolled in a degree program at an accredited U.S. college or university, provided the formal course of study in Cuba will be accepted for credit toward the student's undergraduate or graduate degree at that U.S. college or university. A student planning to engage in such transactions in Cuba must carry with him or her a letter from the student's U.S. academic institution stating that the student is currently enrolled in an undergraduate or graduate degree program and that the Cuban study will be accepted for credit toward that degree and citing the number of the relevant

U.S. academic institution's specific license.

(iv) Teaching at a Cuban academic institution by an individual regularly employed in a teaching capacity at an accredited U.S. college or university, provided the teaching activities are related to an academic program at the Cuban institution. An individual planning to teach at a Cuban academic institution must obtain and carry a written letter from the individual's U.S. academic institution, citing the number of that institution's specific license and stating that the individual is regularly employed there in a teaching capacity.

(v) Sponsorship, including the payment of a stipend or salary, of a Cuban scholar to teach or engage in other scholarly activity at a college or university in the United States (in addition to those transactions authorized by the general license contained in §515.571). Such earnings may be remitted to Cuba as provided in §515.570, or carried on the person of the Cuban scholar returning to Cuba as provided in §515.560(d)(3).

(vi) Educational exchanges sponsored by Cuban or U.S. secondary schools involving secondary school students' participation in a formal course of study or in a structured educational program offered by a secondary school or other academic institution and led by a teacher or other secondary school official. This authorization includes participation by a reasonable number of adult chaperones to accompany the secondary school student(s) to Cuba. A secondary school group planning to engage in such transactions in Cuba must carry a letter from the secondary school sponsoring the trip, citing the number of the school's specific license and listing the names of all persons traveling with the group.

(vii) The organization of and preparation for transactions and activities described in paragraphs (a)(2)(i) through (a)(2)(vi) of this section by a full-time employee of a U.S. academic institution. An individual engaging in such transactions must carry a written letter from the individual's U.S. academic institution, citing the number of that

institution's specific license and stating that the individual is regularly employed there.

NOTE TO PARAGRAPH (a): See §§ 501.601 and 501.602 of this chapter for applicable record-keeping and reporting requirements. Exportation of equipment and other items, including the transfer of technology or software to foreign persons ("deemed exportation"), and items not eligible for Department of Commerce GFT or BAG License Exceptions, 15 CFR 740.12 and 740.14, may require separate licensing from the Department of Commerce.

(b) *Specific license.* Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and other transactions that are directly incident to:

(1) Educational activities described in paragraphs (a)(2)(i) through (a)(2)(iii) of this section not covered by a specific license issued pursuant to paragraph (a) of this section to an accredited U.S. academic institution; or

(2) Educational exchanges not involving academic study pursuant to a degree program when those exchanges take place under the auspices of an organization that sponsors and organizes such programs to promote people-to-people contact.

(c) Transactions related to activities that are primarily tourist-oriented, including self-directed educational activities that are intended only for personal enrichment, are not authorized by this section.

[64 FR 25816, May 13, 1999]

#### § 515.566 Religious activities in Cuba.

(a) *Specific license for U.S. religious organizations—(1) Issuance; renewal.* A specific license may be issued to a religious organization located in the United States authorizing the organization and individuals and groups affiliated with the organization to engage, under the auspices of the organization, in religious activities involving transactions (including travel-related transactions) in which Cuba or a Cuban national has an interest. The application for the specific license must set forth examples of religious activities to be undertaken in Cuba. The religious organization's specific license may be renewed after a period of two years to authorize the organization and

individuals and groups affiliated with the organization to continue to engage in the transactions authorized under the organization's license.

(2) *Scope of transactions authorized under U.S. religious organization's specific license; documentation.* Upon receipt by the religious organization located in the United States of a specific license pursuant to paragraph (a)(1) of this section, the organization and individuals or groups affiliated with the organization are authorized to engage in the travel-related transactions set forth in § 515.560(c) and such additional transactions as are directly incident to religious activities in Cuba under the auspices of the organization. Travel-related transactions pursuant to this authorization must be for the purpose of engaging, while in Cuba, in a full-time program of religious activities. Financial and material donations to Cuba or Cuban nationals are not authorized by this paragraph (a)(2). All individuals who engage in transactions in which Cuba or Cuban nationals have an interest (including travel-related transactions) pursuant to this paragraph (a)(2) must carry with them a letter from the specifically-licensed U.S. religious organization, citing the number of the organization's specific license and confirming that they are affiliated with the organization and are traveling to Cuba to engage in religious activities under the auspices of the organization.

NOTE TO PARAGRAPH (a): See §§ 501.601 and 501.602 of this chapter for applicable record-keeping and reporting requirements. Exportation of items to be used in Cuba may require separate licensing by the Department of Commerce.

(b) *Specific licenses.* Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and other transactions that are directly incident to religious activities not covered by a specific license issued pursuant to paragraph (a) of this section to a U.S. religious organization. Specific licenses may be issued pursuant to this section authorizing transactions for multiple trips over an extended period of time to engage in a full-time program of religious activities in Cuba.

[64 FR 25817, May 13, 1999]

**§ 515.567**

**31 CFR Ch. V (7-1-02 Edition)**

**§ 515.567 Public performances, clinics, workshops, athletic and other competitions, and exhibitions.**

(a) *General license.* The travel-related transactions set forth in § 515.560(c) and such additional transactions as are directly incident to athletic competition by amateur or semi-professional athletes or amateur or semi-professional athletic teams traveling to participate in athletic competition held in Cuba are authorized, provided that:

(1) The athletic competition in Cuba is held under the auspices of the international sports federation for the relevant sport;

(2) The United States participants in the athletic competition are selected by the United States federation for the relevant sport; and

(3) The competition is open for attendance, and in relevant situations participation, by the Cuban public.

NOTE TO PARAGRAPH (a): See §§ 501.601 and 501.602 of this chapter for applicable record-keeping and reporting requirements. Exportation of items to be used in Cuba may require separate licensing by the Department of Commerce.

(b) *Specific licenses.* (1) Specific licenses, including for multiple trips to Cuba over an extended period of time, may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and other transactions that are directly incident to participation in a public performance, clinic, workshop, athletic or other competition, or exhibition in Cuba by participants in such activities, provided that:

(i) The event is open for attendance, and in relevant situations participation, by the Cuban public;

(ii) All profits from the event after costs are donated to an independent nongovernmental organization in Cuba or a U.S.-based charity, with the objective, to the extent possible, of promoting people-to-people contacts or otherwise benefitting the Cuban people.

(2) In addition to those transactions authorized by § 515.571, specific licenses may be issued on a case-by-case basis authorizing transactions incident to participation in a public exhibition, performance, clinic, workshop, or competition in the United States by a

Cuban national who enters the United States for the purpose of such participation on a visa or other travel authorization issued by the Department of State.

(c) Specific licenses will not be issued pursuant to this section authorizing any:

(1) Payment to Cuba or any national thereof for appearance fees or other such payments in connection with or resulting from any public exhibition, performance, clinic, workshop, or competition in the United States or in Cuba; or

(2) Debit to a blocked account.

[64 FR 25817, May 13, 1999]

**§ 515.568 [Reserved]**

**§ 515.569 Foreign passengers' baggage.**

The importation of Cuban-origin goods, otherwise prohibited by this part, brought into the United States as baggage by any person arriving in the United States other than a citizen or resident of the United States is hereby authorized, notwithstanding the provisions of § 515.803, provided that such goods are not in commercial quantities and are not imported for resale. This authorization does not apply to the importation of Cuban-origin alcohol or tobacco products.

[64 FR 25818, May 13, 1999]

**§ 515.570 Remittances to nationals of Cuba.**

(a) *Family remittances authorized.* (1) Persons subject to the jurisdiction of the United States who are 18 years of age or older are authorized to make remittances to a national of Cuba resident in Cuba or in the authorized trade territory (including any member of his or her household) who is a close relative of the remitter or of the remitter's spouse, for the support of the close relative provided that:

(i) The remitter's total remittances pursuant to paragraphs (a) and (b) of this section to any one Cuban household, regardless of the number of close relatives comprising the household, do not exceed \$300 in any consecutive 3-month period; and

(ii) The remittances are not made from a blocked source, except that remittances to Cuban households located in the authorized trade territory may come from a blocked account in a banking institution within the United States held in the name of, or in which the beneficial interest is held by, the payee or members of the payee's household.

(2) A person authorized to make remittances under this paragraph (a) and who is authorized to engage in travel-related transactions relating to Cuba pursuant to a general license contained in or specific license issued pursuant to this part may carry no more than \$300 in total remittances authorized in this paragraph (a), and only if the remittances will not exceed the maximum amount set forth in paragraph (a) of this section for any payee within the past 3 months. See § 515.560(c)(4).

(3) For purposes of this paragraph (a), the term *close relative* used with respect to any person means such person's spouse, child, grandchild, parent, grandparent, great grandparent, uncle, aunt, brother, sister, nephew, niece, first cousin, mother-in-law, father-in-law, son-in-law, daughter-in-law, sister-in-law, brother-in-law, or the spouse, widow, or widower of any of the foregoing.

NOTE TO PARAGRAPH (a): The maximum amount set forth in paragraph (a) of this section does not apply to remittances to a Cuban individual who has been specifically licensed as an unblocked national pursuant to § 515.505(b), as remittances to unblocked persons do not require separate authorization.

(b) *Individual-to-household remittances authorized.* (1) Persons subject to the jurisdiction of the United States who are 18 years of age or older are authorized to make remittances to any Cuban household (including to any Cuban individual living alone) located in Cuba or in the authorized trade territory, provided that:

(i) The remitter's total remittances pursuant to paragraphs (a) and (b) of this section to any one Cuban household do not exceed \$300 in any consecutive 3-month period;

(ii) No member of the payee's household is a senior-level Cuban government official or senior-level Cuban communist party official; and

(iii) The remittances are not made from a blocked source, except that remittances to Cuban households located in the authorized trade territory may come from a blocked account in a banking institution within the United States held in the name of, or in which the beneficial interest is held by, the payee or members of the payee's household.

(2) A person authorized to make remittances under this paragraph (b) and who is authorized to engage in travel-related transactions relating to Cuba pursuant to a general license contained in or specific license issued pursuant to this part may carry no more than \$300 in total remittances authorized in paragraphs (a) and (b) of this section, and only if the remittances will not exceed the maximum amount set forth in paragraph (a) or (b) of this section for any payee within the past 3 months. See § 515.560(c)(4).

NOTE TO PARAGRAPH (b): The maximum amount set forth in paragraph (b) of this section does not apply to remittances to a Cuban individual who has been specifically licensed as an unblocked national pursuant to § 515.505(b), as remittances to unblocked persons do not require separate authorization.

(c) *Emigration-related remittances authorized.* Persons subject to the jurisdiction of the United States are authorized to remit the following amounts:

(1) Up to \$500 on a one-time basis to any Cuban national for the purpose of covering the payee's preliminary expenses associated with emigrating from Cuba to the United States. This remittance may be sent through a licensed remittance forwarding service before the payee has received a valid visa issued by the State Department or other approved U.S.-immigration document, but may not be carried to Cuba by the remitter during this period. A person who is authorized to engage in travel-related transactions relating to Cuba pursuant to a general license contained in or specific license issued pursuant to this part may carry remittances pursuant to this paragraph (c)(1), provided the traveler can demonstrate each visa recipient's full name and date of birth and the number and date of issuance of the U.S. visa or other travel authorization issued. See

## §515.571

§515.560(c)(4). Any amount remitted or carried to Cuba directly or indirectly in conjunction with the processing of a letter of invitation or similar document must be applied against the \$500 limit; and

(2) Up to an additional \$500 on a one-time basis to any Cuban national for the purpose of enabling the payee to emigrate from Cuba to the United States, including for the purchase of airline tickets and payment of exit or third-country visa fees or other travel-related fees. Such remittances may be transferred only after the Cuban individual has received a valid visa issued by the State Department or other approved U.S. immigration documentation. Persons remitting amounts pursuant to this paragraph (c)(2) must provide to the remittance forwarder the visa recipient's full name and date of birth and the number and date of issuance of the U.S. visa or other travel authorization issued. A person who is authorized to engage in travel-related transactions relating to Cuba pursuant to a general license contained in or specific license issued pursuant to this part may carry remittances pursuant to this paragraph (c)(2), provided the traveler can demonstrate each visa recipient's full name and date of birth and the number and date of issuance of the U.S. visa or other travel authorization issued. See §515.560(c)(4).

(d) *Specific licenses.* Specific licenses may be issued on a case-by-case basis authorizing the following:

(1) Remittances by persons subject to U.S. jurisdiction to independent non-governmental entities in Cuba;

(2) Repatriation of earnings by a Cuban scholar pursuant to §515.565(a)(2)(v) in excess of the amount specified in paragraph (a) of this section;

(3) Remittances by persons subject to U.S. jurisdiction from blocked accounts to Cuban households in the authorized trade territory in excess of the amount specified in paragraphs (a) and (b) of this section; or

(4) Remittances by persons subject to U.S. jurisdiction to a person in Cuba, directly or indirectly, for transactions to facilitate non-immigrant travel by an individual in Cuba to the United States under circumstances where hu-

## 31 CFR Ch. V (7-1-02 Edition)

manitarian need is demonstrated, including illness or medical emergency.

[64 FR 25818, May 13, 1999]

### §515.571 Certain transactions incident to travel to, from, and within the United States by Cuban nationals.

(a) Except as provided in paragraph (c) of this section, the following transactions by or on behalf of a Cuban national who enters the United States from Cuba on a visa or other travel authorization issued by the State Department are authorized:

(1) All transactions ordinarily incident to travel between the United States and Cuba, including the importation into the United States of accompanied baggage for personal use;

(2) All transactions ordinarily incident to travel and maintenance within the United States, including the payment of living expenses and the acquisition of goods for personal consumption in the United States;

(3) All transactions on behalf of aircraft or vessels incident to non-scheduled flights or voyages between the United States and Cuba, provided that the carrier used has a carrier service provider license issued pursuant to §515.572. This paragraph does not authorize the carriage of any merchandise into the United States except accompanied baggage; and

(4) Normal banking transactions involving foreign currency drafts, travelers' checks, or other instruments negotiated incident to travel in the United States by any person under the authority of this section.

(b) Payments and transfers of credit in the United States from blocked accounts in domestic banking institutions held in the name of a Cuban national who enters the United States on a visa or other travel authorization issued by the State Department to or upon the order of such Cuban national are authorized provided that:

(1) Such payments and transfers of credit are made only for the living, traveling, and similar personal expenses in the United States of such Cuban national or his or her family;

(2) The total of all such payments and transfers of credit made under this section from the accounts of such

Cuban national do not exceed \$250 in any one calendar month; and

(3) No payment or transfer is made from a blocked account in which a specially designated national has an interest.

(c) This section does not authorize any transfer of property to Cuba, or, except as otherwise authorized in paragraph (b) of this section, any debit to a blocked account.

[64 FR 25819, May 13, 1999]

**§ 515.572 Authorization of transactions incident to the provision of travel services, carrier services, and remittance forwarding services.**

(a)(1) *Authorization of travel service provider.* The following persons wishing to provide services in connection with travel to Cuba are "travel service providers" for purposes of this part: Travel agents, ticket agents, commercial and noncommercial organizations that arrange travel to Cuba; tour operators; persons arranging through transportation to Cuba; persons chartering an aircraft or vessel on behalf of others in Cuba; and persons arranging hotel accommodations, ground transportation, local tours, and similar travel activities on behalf of others in Cuba. Travel service providers must obtain authorization from the Office of Foreign Assets Control before providing services with respect to travel to Cuba. The list stated above should not be considered exhaustive, as other persons may be "travel service providers" within the meaning of this part. Opinions may be obtained from the Office of Foreign Assets Control concerning the applicability of this licensing requirement in individual cases.

(2) *Authorization of carrier service provider.* Persons subject to U.S. jurisdiction wishing to provide carrier services by aircraft or vessels incidental to their non-scheduled flights or voyages to, from, or within Cuba are "carrier service providers" for purposes of this part. Carrier service providers must obtain authorization from the Office of Foreign Assets Control before providing services with respect to non-scheduled flights or voyages to, from, or within Cuba. Carriage to or from Cuba of any merchandise, cargo or gifts, other than those permitted to in-

dividual travelers as accompanied baggage, must also be authorized by licenses issued by the U.S. Department of Commerce.

(3) *Authorization of remittance forwarders.* Persons subject to U.S. jurisdiction, including persons who provide payment forwarding services and non-commercial organizations acting on behalf of donors, who wish to provide services in connection with the collection or forwarding of remittances authorized pursuant to this part must obtain authorization from the Office of Foreign Assets Control. Depository institutions, as defined in § 515.333, are exempt from this requirement.

(b) *Terms and conditions of authorization to engage in service transactions.* Authorization to engage in service transactions will be issued only upon the applicant's written affirmation and subsequent demonstration that it does not participate in discriminatory practices of the Cuban government against certain residents and citizens of the United States. Examples of such practices include, but are not limited to, charging discriminatory rates for air travel or requiring payment for services, such as hotel accommodations and meals, not desired, planned to be utilized, or actually utilized, based on such characteristics as race, color, religion, sex, citizenship, place of birth, or national origin. Authorization, whether a grant of provisional authorization or a license issued pursuant to this part, does not permit a travel or carrier service provider to provide services in connection with any individual's transactions incident to travel which are prohibited by this part.

(c) *Initial applications for licenses.* The initial application for a license shall contain:

(1) The applicant organization's name, address, telephone number, and the name of an official of the applicant organization responsible for its licensed services;

(2) The state of applicant's organization, if a juridical entity, the address of its principal place of business and all branch offices, the identity and ownership percentages of all shareholders or partners, and the identity and position of all principal officers and directors;

(3) Copies of any bylaws, articles of incorporation, partnership agreements, management agreements, or other documents pertaining to the organization, ownership, control, or management of the applicant; and

(4)(i) In the case of applications for authorization to serve as travel or carrier service providers, a report on the forms and other procedures used to establish that each customer is in full compliance with U.S. law implementing the Cuban embargo and either qualifies for one of the general licenses contained in this part authorizing travel-related transactions in connection with travel to Cuba, has received a specific license from the Office of Foreign Assets Control issued pursuant to this part, or is a fully-hosted traveler as described in §515.420. In the case of a customer traveling pursuant to a general license or claiming to be traveling fully hosted, the applicant must demonstrate that it requires each customer to attest, in a signed statement, to his or her qualification for the particular general license or fully-hosted status claimed. The statement must provide facts supporting the customer's belief that he or she qualifies for the general license or fully-hosted status claimed. In the case of a customer traveling under a specific license, the applicant must demonstrate that it requires the customer to furnish it with a copy of the license. The copy of the signed statement or the specific license must be maintained on file with the applicant.

(ii) In the case of applications for authorization as remittance forwarders, a report on the forms, account books, and other recordkeeping procedures used to determine whether each customer has violated the terms of any authorization for remittances contained in or issued pursuant to this part, or sent remittances to persons ineligible to receive them under §515.570; and the method by which remittances are sent to Cuba and the procedures used by the applicant to ensure that the remittances are received by the persons intended.

(d) *Required reports and recordkeeping.* (1) Each specific license or grant of provisional authority shall require that the service provider furnish quar-

terly reports to the Department of the Treasury, Office of Foreign Assets Control, Washington, DC 20220, during the term of the license. The required content of such reports and their due dates shall be provided to the service provider in a letter authorizing the provider to commence services. Each such report will cover only the three-month period immediately preceding the date of the report.

(2) While the names and addresses of individual travelers or remitters, the number and amount of each remittance, and the name and address of each recipient, as applicable, need not be submitted with quarterly reports, this information must be retained on file with all other information required by §515.601 of this chapter. These records must be furnished to the Office of Foreign Assets Control on demand pursuant to §515.602 of this chapter.

(3) *Presentation of passenger lists.* Tour operators, persons operating an aircraft or vessel, or persons chartering an aircraft or vessel on behalf of others, for travel to, from, and within Cuba must furnish the U.S. Customs Service on demand a list of passengers on each flight or voyage to, from, and within Cuba.

(e) *Procedures governing the grant of provisional authority, denial, suspension, or revocation of authority to engage in service transactions—*(1) *Grant of provisional authority.* Following submission of a complete application as described in paragraph (c) of this section, the submission of any additional relevant information, and a preliminary evaluation by the Office of Foreign Assets Control, the applicant will be notified in writing that provisional authority has been granted to provide the services contemplated in the application. This provisional authority to provide services will remain in effect pending a final decision to grant or deny the license.

(2) *Denial of license—*(i) *Notice of denial.* If the Director, Office of Foreign Assets Control, determines that the application for a license to engage in service transactions related to travel to Cuba, carrier service transactions



related to travel to Cuba, or transactions related to remittance forwarding should be denied for any reason, notice of denial shall be given to the applicant. The notice of denial shall state the reasons for the denial.

(ii) *Grounds for denial.* The causes sufficient to justify denial of an application for a license may include, but need not be limited to:

(A) Any cause which would justify suspension or revocation of the authority of a service provider pursuant to paragraph (e)(3) of this section;

(B) Failure to file a full and complete application;

(C) Any willful misstatement of pertinent facts in the application;

(D) Evidence indicating that the applicant participates in discriminatory practices of the Cuban Government against certain residents and citizens of the United States as described in paragraph (b) of this section; or

(E) A reputation imputing to the applicant criminal, dishonest, or unethical conduct, or a record of such conduct.

(3) *Suspension or revocation of a license or provisional authorization.* A license or provisional authorization issued pursuant to this section may be suspended for a specific period of time, or revoked, for the following reasons:

(i) The service provider has willfully made or caused to be made in any application for any license, request for a ruling or opinion, or report be filed with the Office of Foreign Assets Control, any statement that was, at the time and in light of the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted to state in any application, request for ruling or opinion, or report any material fact that was required;

(ii) The service provider has failed to file timely reports or comply with the recordkeeping requirements of his license or provisional authorization.

(iii) The service provider has been convicted, at any time after filing an application for a license under this section, of any felony or misdemeanor that:

(A) Involved the importation, exportation, or transfer of property in violation of any law or regulation adminis-

tered by the Office of Foreign Assets Control;

(B) Arose directly out of the conduct of the business covered by the license; or

(C) Involved larceny, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, misappropriation of funds, or a violation of the Customs laws, export or import control laws, or banking laws.

(iv) The service provider has violated any provision of law enforced by the Office of Foreign Assets Control or the rules or regulations issued under any such provision;

(v) The service provider has counseled, commanded, induced, procured, or knowingly aided or abetted the violation by any other person of any provision of any law or regulation referred to above;

(vi) The service provider has, in the course of the business covered by the license, with felonious intent, in any manner willfully and knowingly deceived, defrauded, misled, threatened, or coerced any client or prospective client; or

(vii) The service provider has committed any other act or omission that demonstrates unfitness to conduct the business covered by the license.

[57 FR 53999, Nov. 16, 1992, as amended at 59 FR 31142, June 17, 1994; 59 FR 44886, Aug. 30, 1994; 63 FR 27349, May 18, 1998. Redesignated and amended at 64 FR 25813, 25819, May 13, 1999]

#### § 515.573 Transactions by news organizations.

(a) Specific licenses may be issued authorizing all transactions necessary for the establishment and operation of news bureaus in Cuba whose primary purpose is the gathering and dissemination of news to the general public. Transactions that may be authorized include, but are not limited to, those incident to the following:

(1) Leasing office space and securing related goods and services;

(2) Hiring Cuban nationals to serve as support staff;

(3) Purchasing Cuban-origin goods for use in the operation of the office; and

## § 515.574

(4) Paying fees related to the operation of the office in Cuba.

(b) Specific licenses may be issued authorizing transactions necessary for the establishment and operation of news bureaus in the United States by Cuban organizations whose primary purpose is the gathering and dissemination of news to the general public.

(c) Specific licenses may be issued authorizing transactions related to hiring Cuban nationals to provide reporting services or other services related to the gathering and dissemination of news.

(d) NOTE: The number assigned to a specific license issued pursuant to this section should be referenced in all import documents, and in all funds transfers and other banking transactions through banks organized or located in the United States, in connection with the licensed transaction to avoid the blocking of goods imported from Cuba and the interruption of the financial transactions with Cuba.

[60 FR 54197, Oct. 20, 1995. Redesignated at 64 FR 25813, May 13, 1999]

### § 515.574 Support for the Cuban people.

(a) Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and other transactions that are intended to provide support for the Cuban people including, but not limited to, the following:

(1) Activities of recognized human rights organizations; and

(2) Activities of individuals and non-governmental organizations which promote independent activity intended to strengthen civil society in Cuba.

(b) Licenses will only be issued pursuant to this section upon a clearly articulated showing that the proposed transactions are consistent with the purposes of this part and that no significant accumulation of funds or financial benefit will accrue to the Government of Cuba.

[60 FR 54197, Oct. 20, 1995, as amended at 64 FR 25819, May 13, 1999]

### § 515.575 Humanitarian projects.

Specific licenses may be issued on a case-by-case basis authorizing the

## 31 CFR Ch. V (7-1-02 Edition)

travel-related transactions set forth in § 515.560(c) and such additional transactions as are directly incident to certain humanitarian projects in or related to Cuba not otherwise covered by this part that are designed to directly benefit the Cuban people. Such projects may include, but are not limited to, medical and health-related projects, environmental projects, projects involving non-formal educational training including adult literacy and vocational skills, community-based grass roots projects, projects suitable to the development of small-scale private enterprise, projects that are related to agricultural and rural development which promote independent activity, and projects involving the donation of goods to meet basic human needs as provided in 15 CFR 740.12(b) of the Export Administration Regulations, 15 CFR parts 730-774. Specific licenses may be issued authorizing transactions for multiple visits for the same project over an extended period of time by applicants demonstrating a significant record of overseas humanitarian projects.

[64 FR 25819, May 13, 1999]

### § 515.576 Activities of private foundations or research or educational institutes.

Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and such additional transactions as are directly incident to activities by private foundations or research or educational institutes that have an established interest in international relations to collect information related to Cuba for noncommercial purposes, not otherwise covered by the general license for professional research contained in § 515.564 or more properly issued under § 515.575, relating to humanitarian projects. Specific licenses may be issued pursuant to this section authorizing transactions for multiple trips to Cuba for the same project over an extended period of time.

[64 FR 25820, May 13, 1999]

**Subpart F—Reports****§ 515.601 Records and reports.**

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

[62 FR 45106, Aug. 25, 1997]

**Subpart G—Penalties**

SOURCE: 63 FR 10331, Mar. 3, 1998, unless otherwise noted.

**§ 515.701 Penalties.**

(a) Attention is directed to section 16 of the Trading with the Enemy Act (50 U.S.C. App. 16—“TWEA”), as adjusted pursuant to 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) Persons who willfully violate any provision of TWEA or any license, rule, or regulation issued thereunder, and persons who willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of TWEA shall, upon conviction, be fined not more than \$1,000,000 or, if an individual, be fined not more than \$100,000 or imprisoned for not more than 10 years, or both; and an officer, director, or agent of any corporation who knowingly participates in such violation shall, upon conviction, be fined not more than \$100,000 or imprisoned for not more than 10 years, or both.

(2) Any property, funds, securities, papers, or other articles or documents, or any vessel, together with its tackle, apparel, furniture, and equipment, concerned in a violation of TWEA may upon conviction be forfeited to the United States.

(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 TWEA.

(4) Any property, funds, securities, papers, or other articles or documents, or any vessel, together with its tackle, apparel, furniture, and equipment, that is the subject of a violation subject to a civil penalty issued pursuant to TWEA shall, at the discretion of the

Secretary of the Treasury, be forfeited to the United States Government.

(b) The criminal penalties provided in TWEA are subject to increase pursuant to 18 U.S.C. 3571 which, when read in conjunction with section 16 of TWEA, provides that persons convicted of violating TWEA may be fined up to the greater of either \$250,000 for individuals and \$1,000,000 for organizations or twice the pecuniary gain or loss from the violation.

(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 representations, 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 5 years, or both.

**§ 515.702 Prepenalty notice; contents; respondent's rights; service.**

(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 Trading with the Enemy Act, and the Director determines that further proceedings are warranted, he or she shall issue to the person concerned a notice of his or her intent to impose a monetary penalty and/or forfeiture. The prepenalty notice may 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 and/or forfeiture.

(2) *Respondent's rights*—(i) *Right to respond.* The prepenalty notice shall also

## §515.703

## 31 CFR Ch. V (7-1-02 Edition)

inform the respondent of respondent's right to respond in writing to the notice within 30 calendar days of the mailing or other service of the notice pursuant to paragraph (c) of this section, as to why a monetary penalty and/or forfeiture should not be imposed, or, if imposed, why it should be in a lesser amount than proposed.

(ii) *Right to request a hearing.* The prepenalty notice shall also inform the respondent that, in the response provided for in paragraph (b)(2)(i) of this section, the respondent may also request a hearing conducted pursuant to 5 U.S.C. 554-557 to present the respondent's defenses to the imposition of a penalty and/or forfeiture and to offer any other information that the respondent believes should be included in the agency record prior to a final determination concerning the imposition of a penalty and/or forfeiture. A failure to request a hearing within 30 calendar days of service of the prepenalty notice constitutes a waiver of a hearing.

(iii) *Right to request discovery prior to hearing.* The prepenalty notice shall also inform the respondent of the right to discovery prior to a requested hearing. Discovery must be requested in writing in the response provided for in paragraph (b)(2)(i) of this section, jointly with respondent's request for a hearing. A failure to file a request for discovery within 30 calendar days of service of the prepenalty notice constitutes a waiver of prehearing discovery.

(c) *Service.* The prepenalty notice, or any amendment or supplement thereto, shall be served upon the respondent. Service shall be presumed completed:

(1) Upon mailing a copy by registered or certified mail, return receipt requested, addressed to the respondent at the respondent's last known address; or

(2) Upon the mailing date stated in a date-stamped postal receipt presented by the Office of Foreign Assets Control with respect to any respondent who has refused, avoided, or in any way attempted to decline delivery, tender, or acceptance of the registered or certified letter or has refused to recover a registered or certified letter served; or

(3) Upon personal service by leaving a copy with the respondent or an officer, a managing or general agent, or any

other agent authorized by appointment or by law to accept or receive service for the respondent and evidenced by a certificate of service signed and dated by the individual making such service, stating the method of service and the identity of the individual with whom the prepenalty notice was left; or

(4) Upon proof of service on a respondent who is not resident in the United States by any method of service permitted by the law of the jurisdiction in which the respondent resides or is located, provided the requirements of such foreign law satisfy due process requirements under United States law with respect to notice of administrative proceedings, and where applicable laws or intergovernmental agreements or understandings make the methods of service set forth in paragraphs (c)(1) through (3) of this section inappropriate or ineffective for service upon the nonresident respondent.

### **§515.703 Response to prepenalty notice; requests for hearing and prehearing discovery; waiver; informal settlement.**

(a) *Deadline for response.* The respondent shall have 30 calendar days from the date of mailing or other service of the prepenalty notice pursuant to §515.702(c) to respond thereto. The response, signed and dated, may be sent by facsimile transmission to the Office of Foreign Assets Control, at 202/622-1657, or by courier or other expedited means at any time during the 30-day response period if an original copy is sent concurrently via the U.S. Postal Service, registered or certified mail, return receipt requested. The date shown on the date-stamped registered or certified mail postal receipt will constitute the filing date of the response.

(b) *Form and contents of response—(1) In general.* The written response 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 be responsive to the allegations contained therein and set forth the nature of the respondent's defenses.

(i) The response must admit or deny specifically each separate allegation of

violation made in the prepenalty notice. If the respondent is without knowledge as to an allegation, the response shall so state, and such statement shall operate as a denial. Failure to deny, controvert, or object to any allegation will be deemed an admission of that allegation.

(ii) The response must also set forth any additional or new matter or arguments the respondent seeks, or shall seek, to use in support of all defenses or claims for mitigation. Any defense or partial defense not specifically set forth in the response shall be deemed waived, and evidence thereon may be refused, except for good cause shown.

(iii) The response must also accurately state, for each respondent, the respondent's full name and address for future service, together with current telephone and, if applicable, facsimile machine numbers and area code. If respondent is represented by counsel, counsel's full name and address, together with telephone and facsimile numbers and area code, may be provided in lieu of service information for the respondent. The respondent or respondent's counsel of record is responsible for providing timely written notice to the parties of any subsequent changes in the information provided.

(2) *Request for hearing and prehearing discovery; waiver.* Any request for an administrative hearing and prehearing discovery must be made, if at all, in the written response made pursuant to this section and within the 30 calendar day period specified in § 515.705(a). A failure to request a hearing and prehearing discovery in writing within 30 calendar days of service of the prepenalty notice constitutes a waiver of a hearing and prehearing discovery. A response asserting that respondent reserves the right to request a hearing or prehearing discovery beyond the 30 calendar day period is ineffectual.

(3) *Informal settlement; response deadline.* In addition or as an alternative to a written response to a prepenalty notice pursuant to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters.

In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent is not required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30 calendar day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control. A failure to request a hearing and prehearing discovery in writing within 30 calendar days of service of the prepenalty notice constitutes a waiver of a hearing and prehearing discovery.

**§ 515.704 Penalty imposition or withdrawal absent a hearing request.**

(a) *No violation.* If, in the absence of a timely hearing request, after considering any response to the prepenalty notice and any relevant facts, the Director determines that there was no violation by the respondent named in the prepenalty notice, the Director promptly shall notify the respondent in writing of that determination and that no civil monetary penalty or civil forfeiture pursuant to this subpart will be imposed.

(b) *Violation.* If, in the absence of a timely hearing request, after considering any response to the prepenalty notice and any relevant facts, the Director determines that there was a violation by the respondent named in the prepenalty notice, the Director promptly shall issue a written notice of the imposition by the Office of Foreign Assets Control of the civil monetary penalty and/or civil forfeiture and/or other available disposition with respect to that respondent.

(1) The penalty/forfeiture notice shall inform the respondent that payment of the assessed penalty must be made within 30 calendar days of the mailing of the penalty notice.

## § 515.705

(2) The penalty/forfeiture notice shall inform the respondent of the requirement to furnish respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that the Department intends to use such number for the purposes of collecting and reporting on any delinquent penalty amount in the event of a failure to pay the penalty imposed.

### § 515.705 Time and opportunity to request a hearing.

(a) *Deadline for hearing request.* Within 30 calendar days of the date of mailing or other service of the prepenalty notice pursuant to § 515.702(c), the respondent may file a written request for an agency hearing conducted pursuant to this section, to present the respondent's defenses to the imposition of a penalty and/or forfeiture and to offer any other information for inclusion, if found admissible pursuant to § 515.715(a), into the agency record prior to a final determination concerning the imposition of a penalty and/or forfeiture.

(b) *Content of written response.* If an agency hearing is requested by the respondent or by the respondent's counsel, the written hearing request must be accompanied by a written response to the prepenalty notice containing the information required by § 515.703(b)(1)(i) through (iii). An untimely hearing request or written response to the prepenalty notice constitutes a waiver of a hearing.

(c) *Signature of filings.* All hearing requests, motions, responses, interrogatories, requests for deposition transcripts, requests for protective orders, and all other filings relating to requests for and responses to discovery or pertaining to the hearing process, must be signed by each requesting party or, if represented, by each party's counsel.

(d) *Computation of time—(1) Final date on weekend or holiday.* Whenever the final date for any requirement of this part falls on a Saturday, Sunday, Federal holiday, or other day on which the Office of Foreign Assets Control is not open for the transaction of business during normal working hours, the time for filing will be extended to the close of business on the next working day.

## 31 CFR Ch. V (7-1-02 Edition)

(2) *Closing time.* The time for filing any document expires at 5:00 p.m. local Washington, DC time on the last day when such filing may be made.

### § 515.706 Hearing.

(a) *Notice of hearing.* (1) Any respondent requesting a hearing shall receive notice of the time and place of the hearing at the service address provided pursuant to § 515.703(b)(1)(iii). Requests to change the time and place of a hearing may be submitted to the Administrative Law Judge, who may modify the original notice or subsequently set hearing dates. All requests for a change in the time or place of a hearing must be received in the Administrative Law Judge's chambers and served upon the parties no later than 15 working days before the scheduled hearing date.

(2) The hearing shall be conducted in a manner consistent with 5 U.S.C. 554-557, pursuant to section 1710(c) of the Cuban Democracy Act of 1992 (22 U.S.C. 6001-6010) and section 16 of the Trading with the Enemy Act (50 U.S.C. App. 16).

(b) *Powers.* The Administrative Law Judge shall have all powers necessary to conduct the hearing, consistent with 5 U.S.C. 554-557, including the following powers:

(1) To administer oaths and affirmations;

(2) To require production of records or any information relative to any act or transaction subject to this part, including the imposition of sanctions available under Federal Rule of Civil Procedure 37(b)(2) (Fed. R. Civ. P. 37(b)(2), 28 U.S.C.) for a party's failure to comply with discovery requests;

(3) To receive relevant and material evidence and to rule upon the admission of evidence and offers of proof;

(4) To take or cause depositions to be taken as authorized by this part;

(5) To regulate the course of the hearing and the conduct of the parties and their counsel;

(6) To hold scheduling or prehearing conferences as deemed necessary;

(7) To consider and rule upon all procedural and other motions appropriate in an adjudicatory proceeding, provided that only the Secretary or the Secretary's designee shall have the power to grant any motion to dismiss the proceeding or to decide any other

motion that results in a final determination of the merits of the proceeding;

(8) To prepare and present to the Secretary or to the Secretary's designee a recommended decision as provided in §§ 515.711(d) and 515.716(e);

(9) To recuse himself on motion made by a party or on the Administrative Law Judge's own motion;

(10) To establish time, place, and manner limitations on the attendance of the public and the media for any public hearing;

(11) To perform all necessary or appropriate measures to discharge the duties of an Administrative Law Judge; and

(12) To set fees and expenses for witnesses, including expert witnesses.

(c) *Appearance and practice in a civil penalty hearing*—(1) *Appearance before an Administrative Law Judge by counsel.* Any member in good standing of the bar of the highest court of any state, commonwealth, possession, or territory of the United States, or the District of Columbia may represent respondents upon written notice to the Administrative Law Judge in a civil penalty hearing.

(2) *Appearance before an Administrative Law Judge by a nonlawyer.* A respondent may appear on his own behalf; a duly authorized member of a partnership may represent the partnership; a duly authorized officer, director, or employee of any corporation may represent that corporation upon written notice to the Administrative Law Judge in a civil penalty hearing.

(3) *Office of Foreign Assets Control representation.* The Office of Foreign Assets Control shall be represented by the Office of General Counsel of the United States Department of the Treasury.

(d) *Conflicts of interest*—(1) *Conflict of interest in representation.* No individual shall appear as counsel for a party in a proceeding conducted pursuant to this subpart if it reasonably appears that such representation may be materially limited by that counsel's responsibilities to a third person, or by counsel's own interests.

(2) *Corrective measures.* The Administrative Law Judge may take corrective measures at any stage of a proceeding to cure a conflict of interest in rep-

resentation, including the issuance of an order limiting the scope of representation or disqualifying an individual from appearing in a representative capacity for the duration of the proceeding.

(e) *Ex parte communications*—(1) *Definition.* The term *ex parte communication* means any material oral or written communication not on the public record concerning the merits of an adjudicatory proceeding with respect to which reasonable prior notice to all parties is not given, on any material matter or proceeding covered by these regulations that takes place between:

(i) A party to the proceeding, a party's counsel, or any other individual; and

(ii) The Administrative Law Judge handling that proceeding, or the Secretary, or the Secretary's designee.

(2) *Exceptions.* (i) A request to learn the status of the proceeding does not constitute an *ex parte communication*; and

(ii) Settlement inquiries and discussions do not constitute *ex parte communications*.

(3) *Prohibition on ex parte communications.* From the time a respondent requests a hearing until the date that the Secretary or the Secretary's designee issues a final decision, no party, interested person, or counsel therefor shall knowingly make or cause to be made an *ex parte communication*. The Administrative Law Judge, the Secretary, and the Secretary's designee shall not knowingly make or cause to be made to a party, or to any interested person or counsel therefor, any *ex parte communication*.

(4) *Procedure upon occurrence of ex parte communication.* If an *ex parte communication* is received by the Administrative Law Judge, the Administrative Law Judge shall cause all such written communication (or, if the communication is oral, a memorandum stating the substance of the communication) to be placed on the record of the proceeding and served on all parties. All parties to the proceeding shall have an opportunity, within 10 calendar days of the receipt of service of the notice or of receipt of a memorandum of the *ex parte communication*, to file responses thereto and to

## §515.707

recommend any sanctions, in accordance with paragraph (e)(5) of this section, appropriate under the circumstances, or may file an interlocutory appeal with the Secretary or the Secretary's designee.

(5) *Sanctions.* Any party to the proceeding, a party's counsel, or any other individual, who makes a prohibited ex parte communication, or who encourages or solicits another to make any such communication, may be subject to any appropriate sanction or sanctions imposed by the Administrative Law Judge for good cause shown, or that may be imposed upon interlocutory appeal taken to the Secretary or the Secretary's designee, including, but not limited to, exclusion from the hearing and an adverse ruling on the issue which is the subject of the prohibited communication.

(f) *Time limits.* Except as provided elsewhere in this subpart, the Administrative Law Judge shall establish all time limits for filings with regard to hearings conducted pursuant to this subpart, except for decisions on interlocutory appeals filed with the Secretary or the Secretary's designee.

(g) *Failure to appear.* The unexcused failure of a respondent to appear in person at a hearing or to have duly authorized counsel appear in respondent's place constitutes a waiver of the respondent's right to a hearing and is deemed an admission of the violation alleged. Without further proceedings or notice to the respondent, the Administrative Law Judge shall enter a finding that the right to a hearing was waived, and the case shall be determined pursuant to §515.704.

### §515.707 Interlocutory appeal.

(a) *Interlocutory appeals.* When exceptions, requests for extensions, or motions, including motions for summary disposition, are denied by the Administrative Law Judge, interlocutory appeals may be taken to the Secretary or to the Secretary's designee for a decision.

(b) *Filing deadline.* Interlocutory appeals must be filed no later than 15 calendar days after the matter being appealed has been decided in writing by the Administrative Law Judge. Parties may request that the Administrative

## 31 CFR Ch. V (7-1-02 Edition)

Law Judge transmit the written decision to the parties by facsimile transmission, courier, or other expedited means in addition to service of the decision via the U.S. Postal Service by registered or certified mail, return receipt requested. Such requests must be supported by a written statement of need for expedited delivery. Timely filing of the interlocutory appeal shall be determined by the date stated on the date-stamped registered or certified mail postal receipt.

(c) *Manner of filing.* Interlocutory appeals to the Secretary or the Secretary's designee must be filed by facsimile transmission to 202/622-1188, courier, or other expedited means, and sent concurrently by registered or certified mail, return receipt requested, to the Secretary's Office, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, with the envelope prominently marked "Attention: OFAC Interlocutory Appeal." Expedited service must also be made upon the Administrative Law Judge and all parties or, if represented, their counsel, with certified copies sent concurrently by registered or certified mail, return receipt requested.

### §515.708 Settlement during hearing proceedings.

Any party may, at any time during the hearing, unilaterally submit written offers or proposals for settlement of a proceeding to the Secretary or the Secretary's designee, at the address listed in §515.707(c). Submission of a written settlement offer does not provide a basis for adjourning or otherwise delaying all or any portion of a hearing. No settlement offer or proposal, nor any subsequent negotiation or resolution, is admissible as evidence in any hearing before this tribunal.

### §515.709 Motions.

(a) *Written motions.* Except as otherwise specifically provided herein, an application or request for an order or ruling must be made by written motion, in typed format.

(1) All written motions must state with particularity the relief sought and must be accompanied by a proposed order.



(2) No oral argument may be held on written motions unless directed by the Administrative Law Judge. Written memoranda, briefs, affidavits, and other relevant material and documents may be filed in support of or in opposition to a motion.

(b) *Oral motions.* A motion may be made orally on the record unless the Administrative Law Judge directs that such motion be made in writing.

(c) *Filing of motions*—(1) *In general.* Motions by respondents must be filed with the Administrative Law Judge and served upon the Office of the Chief Counsel, Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, with the envelope prominently marked “Urgent: Annex—Room 3133,” unless otherwise directed by the Administrative Law Judge. Motions by the Office of Foreign Assets Control must be filed with the Administrative Law Judge and with each respondent or respondent’s counsel. Motions may also be concurrently sent by facsimile transmission, courier, or other expedited means.

(2) *Interlocutory appeals.* Motions related to interlocutory appeals to the Secretary or the Secretary’s designee must be filed by facsimile transmission to 202/622-1188, by courier, or by other expedited means, and sent concurrently by registered or certified mail, return receipt requested, to the Secretary’s Office, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, with the envelope prominently marked “Attention: OFAC Interlocutory Appeal.” Expedited service must also be made upon the Administrative Law Judge and all parties or, if represented, their counsel, with certified copies sent concurrently by registered or certified mail, return receipt requested.

(d) *Responses.* (1) Any party may file a written response to a motion within 20 calendar days of the date of its mailing, by registered or certified mail pursuant to this subpart. If directed by the Administrative Law Judge, the time period in which to respond may be shortened or extended. The Administrative Law Judge may allow each party to file a response before finally ruling upon any oral or written mo-

tion. The Administrative Law Judge may allow a rejoinder to responses for good cause shown. If a rejoinder is permitted, it must be filed within 15 calendar days of the date the response was filed and served upon all parties.

(2) The failure of a party to oppose a written motion or an oral motion made on the record is deemed to be consent by that party to the entry of an order substantially in the form of any proposed order accompanying the motion.

(e) *Dilatory motions.* Frivolous, dilatory, or repetitive motions are prohibited. The filing of such motions may form the basis for sanctions.

#### § 515.710 Discovery.

(a) *In general.* The availability of information and documents through discovery is subject to the agency’s assertion of privileges available to OFAC and/or to the Treasury and to the application of all exemptions afforded the agency pursuant to the Freedom of Information Act (5 U.S.C. 552(b)(1) through (9)) and the Privacy Act (5 U.S.C. 552a) to all facets of discovery, including interrogatories, depositions that seek the release of trade secrets, proprietary materials, third-party confidential and/or commercially sensitive materials, placement of information, documents and/or materials under seal and/or protective order, and interlocutory appeals to the Secretary or the Secretary’s designee from any decision of the Administrative Law Judge.

(b) *Types of discovery.* Parties may obtain discovery by one or more of the following methods: depositions upon oral examination or written questions; written interrogatories; production of documents or other evidence for inspection; and requests for admission. All depositions of Federal employees must take place in Washington, DC, at the U.S. Treasury Department or at the location where the Federal employee to be deposed performs his duties, whichever the Federal employee’s supervisor or the Office of the Chief Counsel, Foreign Assets Control shall deem appropriate. All depositions of Federal employees shall be held at a mutually agreed upon date and time, and for a mutually agreed upon length of time.

(c) *Interrogatories.* Respondent's interrogatories must be served upon the Office of the Chief Counsel, Foreign Assets Control within 20 calendar days of respondent's written request for a hearing. The Office of Foreign Assets Control's interrogatories must be served within 30 calendar days of the receipt of service of respondent's interrogatories or within 30 calendar days of the receipt of respondent's written request for a hearing if no interrogatories are filed by respondent by that time. Parties have 30 calendar days to respond to interrogatories from the date interrogatories are received. Interrogatories shall be limited to 20 questions only. Each subpart, section, or other designation of a part of a question shall be counted as one complete question in computing the permitted 20 question total. Where more than 20 questions are served upon a party, the receiving party may determine which of the 20 questions the receiving party shall answer.

(d) *Scope.* Parties may obtain discovery regarding any matter not privileged which has material relevance to the merits of the pending action. It is not a ground for objection that the information sought will be inadmissible at the hearing if the information sought appears reasonably calculated to lead to discovery of admissible evidence. The Administrative Law Judge may make any order which justice requires to ensure that requests are not unreasonable, oppressive, excessive in scope or unduly burdensome, including the issuance of an order to show cause why a particular discovery request is justified upon the motion of the objecting party.

(e) *Privileged matter.* Privileged documents are not discoverable. Privileges include, inter alia, the attorney-client privilege, attorney work-product privilege, any government's or government agency's deliberative-process or classified information privilege, including materials classified pursuant to Executive Order 12958 (3 CFR, 1995 Comp., p. 333) and any future Executive orders that may be issued relating to the treatment of national security information, and all materials and information exempted from release to the public pursuant to the Privacy Act (5

U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552(b)(1) through (9)).

(f) *Updating discovery.* Whenever a party receives new or additional information or documentation, all information produced, and all information required to be provided pursuant to the discovery and hearing process, must automatically be updated. The Administrative Law Judge may impose sanctions for failure to update, including prohibiting opposition to claims or defenses raised, striking pleadings or staying proceedings, dismissing the action or any part thereof, rendering a judgment by default, and holding a party in contempt.

(g) *Time limits.* All discovery, including all responses to discovery requests, shall be completed no later than 20 calendar days prior to the date scheduled for the commencement of the hearing. No exceptions to this time limit shall be permitted, unless the Administrative Law Judge finds on the record that good cause exists for waiving the requirements of this paragraph (g).

#### §515.711 Summary disposition.

(a) *In general.* The Administrative Law Judge shall recommend that the Secretary or the Secretary's designee issue a final order granting a motion for summary disposition if the facts of the record show that:

(1) There is no genuine issue as to any material fact; and

(2) The moving party is entitled to a decision in its favor as a matter of law.

(b) *Filing of motions and responses.* (1) Any party who believes that there is no genuine issue of material fact to be determined and that such party is entitled to a decision as a matter of law may move at any time for summary disposition in its favor of all or any part of the proceeding. Any party, within 20 calendar days after service of such a motion, or within such time period as allowed by the Administrative Law Judge, may file a response to such motion.

(2) A motion for summary disposition must be accompanied by a statement of the material facts as to which the moving party contends there is no genuine issue. Such motion must be supported by documentary evidence, which may

take the form of admissions in pleadings, stipulations, depositions, transcripts, affidavits, and any other evidentiary materials that the moving party contends support its position. The motion must also be accompanied by a brief containing the points and authorities in support of the moving party's arguments. Any party opposing a motion for summary disposition must file a statement setting forth those material facts as to which such party contends a genuine dispute exists. The opposition must be supported by evidence of the same type as that submitted with the motion for summary disposition and a brief containing the points and authorities in support of the contention that summary disposition would be inappropriate.

(c) *Hearing on motion.* At the request of any party or on his or her own motion, the Administrative Law Judge may hear oral argument on the motion for summary disposition.

(d) *Decision on motion.* Following receipt of a motion for summary disposition and all responses thereto, the Administrative Law Judge shall determine whether the moving party is entitled to summary disposition. If the Administrative Law Judge determines that summary disposition is warranted, he or she shall submit a recommended decision to that effect to the Secretary. If the Administrative Law Judge finds that no party is entitled to summary disposition, he or she shall make a ruling denying the motion.

(e) *Interlocutory appeal.* Following receipt of the Administrative Law Judge's recommended decision relating to summary disposition, each party has the right to an interlocutory appeal to the Secretary or the Secretary's designee. The interlocutory appeal must be filed within 20 calendar days immediately following the Administrative Law Judge's recommended decision.

(f) *Partial summary disposition.* If the Administrative Law Judge determines that a party is entitled to summary disposition as to certain claims only, the Administrative Law Judge shall defer submission of a recommended decision as to those claims. A hearing on the remaining issues must be ordered and those claims for which the Admin-

istrative Law Judge has determined that summary disposition is warranted will be addressed in the recommended decision filed at the conclusion of the hearing.

**§515.712 Prehearing conferences and submissions.**

(a) *Prehearing conferences.* The Administrative Law Judge may, on his or her own motion, or at the request of any party for good cause shown, direct counsel for the parties to meet with him or her (in person, by telephone, or by teleconference) at a prehearing conference to address any or all of the following:

- (1) Simplification and clarification of the issues;
- (2) Stipulations, admissions of fact, and the contents, authenticity and admissibility into evidence of documents;
- (3) Matters of which official notice may be taken;
- (4) Limitation of the number of witnesses;
- (5) Summary disposition of any or all issues;
- (6) Resolution of discovery issues or disputes; and
- (7) Such other matters as may aid in the orderly disposition of the proceeding.

(b) *Prehearing orders.* At, or within a reasonable time following the conclusion of, any prehearing conference, the Administrative Law Judge shall serve on each party an order setting forth any agreements reached and any procedural determinations made.

(c) *Prehearing submissions.* Within 40 calendar days of the receipt of respondent's request for a hearing or at a time set by the Administrative Law Judge, the Office of Foreign Assets Control shall serve on the respondent and upon the Administrative Law Judge, the following:

- (1) Stipulations of fact, if any;
- (2) A list of the exhibits to be introduced at the hearing along with a copy of each exhibit; and
- (3) A list of witnesses to be called to testify at the hearing, including the name and address of each witness and a short summary of the expected testimony of each witness.

(d) *Deadline for respondent's and the other parties' submissions.* Unless for

## §515.713

good cause shown the Administrative Law Judge permits an extension of time to file, the respondent and the other parties shall have 20 calendar days from the date of the submission by the Office of Foreign Assets Control of the items set forth in paragraph (c) of this section, and/or of any other party's service of items set forth in this paragraph (d), to serve upon the Administrative Law Judge and all parties, the following:

(1) Its response to stipulations of fact, if any;

(2) A list of the exhibits to be introduced at the hearing along with a copy of each exhibit; and

(3) A list of witnesses to be called to testify at the hearing, including the name and address of each witness and a short summary of the expected testimony of each witness.

(e) *Effect of failure to comply.* No witness may testify and no exhibits may be introduced at the hearing if such witness or exhibit is not listed in the prehearing submissions pursuant to paragraphs (c) and (d) of this section, except for good cause shown.

### §515.713 Public hearings.

(a) *In general.* All hearings shall be open to the public, unless the Administrative Law Judge, at his or her discretion, determines at any time prior to or during the hearing, that holding an open hearing would be contrary to the public interest. Within 20 calendar days of service of the notice of hearing from the Administrative Law Judge, any party may file with the Administrative Law Judge a request for a closed hearing, and any party may file a pleading in reply to such a request. Failure to file a request or a reply is deemed a waiver of any objections regarding whether the hearing will be public or closed.

(b) *Filing document under seal.* (1) The Office of Foreign Assets Control may file any document or any part of a document under seal if disclosure of the document would be inconsistent with the protection of the public interest or if justice requires protection of any person, including a source or a party, from annoyance, threat, oppression, or undue burden or expense, or the disclosure of the information would be, or

## 31 CFR Ch. V (7-1-02 Edition)

might reasonably lead to a disclosure, contrary to Executive Order 12958 or other Executive orders concerning disclosure of information, U.S. Treasury Department regulations, the Privacy Act, or the Freedom of Information Act.

(2) The Administrative Law Judge shall also safeguard the security and integrity of any documents under seal and shall take all appropriate steps to preserve the confidentiality of such documents or any parts thereof, including closing portions of the hearing to the public. Release of any information under seal, in any form or manner, is subject to the same sanctions and the exercise of the same authorities as are provided with respect to ex parte communications under paragraph (e)(5) of this section.

(3) Should the Administrative Law Judge deny placement of any documents under seal or under protective order, any party, and any person whose documents or materials are at issue, may file an interlocutory appeal to the Secretary or the Secretary's designee. In such cases the Administrative Law Judge must not release or expose any of the records or documents in question to the public or to any other parties for a period of 20 calendar days from the date of the Administrative Law Judge's ruling, in order to permit a petitioner the opportunity either to withdraw the records and documents or to file an interlocutory appeal with the Secretary or the Secretary's designee requesting an order that the records be placed under seal.

(4) Upon settlement, final decision, or motion to the Administrative Law Judge for good cause shown, all materials (including all copies) under seal or protective order shall be returned to the respective parties, except when it may be necessary to retain a record until the judicial process is completed.

(5) Written notice of all requests for release of protected documents or materials shall be given to the parties registered with the Administrative Law Judge at least 20 calendar days prior to any permitted release and prior to any access not specifically authorized under the protective order. A copy of all requests for information, including

the name, address, and telephone number of the requester, shall be provided to the petitioner. Each request for access to protected material must also provide the names, addresses, and telephone numbers of all persons represented by the requester, including those on whose behalf the requester seeks access to protected information. The Administrative Law Judge shall impose sanctions provided under § 515.706(e)(4) and (e)(5) for failure to provide this information.

#### § 515.714 Conduct of hearings.

(a) *In general*—(1) *Overview*. Hearings shall be conducted to provide a fair and expeditious presentation of the relevant disputed issues and facts. Each party has the right to present its case or defense by oral and documentary evidence and to conduct such cross examination as may be required for full disclosure of the relevant facts.

(2) *Order of hearing*. The Office of Foreign Assets Control shall present its case-in-chief first, unless otherwise ordered in advance by the Administrative Law Judge or otherwise expressly specified by law or regulation. The Office of Foreign Assets Control shall be the first party to present an opening statement and a closing statement and may make a rebuttal statement after the respondent's closing statement.

(3) *Stipulations*. Unless the Administrative Law Judge directs otherwise, all stipulations of fact and law previously agreed upon by the parties, and all documents, the admissibility of which has been previously stipulated, will be admitted into evidence upon commencement of the hearing.

(b) *Transcript*. A record of the hearing shall be made by manual or electronic means, including through the use of audio recorded diskettes or audio-visual cassettes, and transcribed unless the Administrative Law Judge rules otherwise. The transcript shall be made available to any party upon payment of the cost thereof. The Administrative Law Judge shall have authority to order the record corrected, either upon a motion to correct, upon a motion to stipulate by the parties for good cause shown, or following notice to the parties upon the Administrative Law Judge's own motion. The Adminis-

trative Law Judge shall serve notice upon all parties, at the addresses provided by the parties pursuant to § 515.703(b)(1)(iii), that the certified transcript, together with all hearing exhibits and exhibits introduced but not admitted into evidence at the hearing, has been filed with the Administrative Law Judge.

#### § 515.715 Evidence.

(a) *Admissibility*. (1) Except as is otherwise set forth in this section, evidence that is relevant and material is admissible to the fullest extent authorized by the Administrative Procedure Act and other applicable law.

(2) Evidence may be excluded if it is misleading or its probative value is substantially outweighed by the danger of unfair prejudice or confusion of the issues, or considerations of undue delay, waste of time, or needless presentation of cumulative evidence.

(3) Evidence that would be inadmissible under the Federal Rules of Evidence need not be deemed or ruled to be inadmissible in a proceeding conducted pursuant to this subpart if such evidence is relevant and material, and not unduly repetitive.

(b) *Official notice*. (1) Official notice may be taken of any material fact which may be judicially noticed by a United States district court.

(2) All matters officially noticed by the Administrative Law Judge shall appear on the record.

(3) If official notice is requested or taken of any material fact, the parties, upon timely request, shall be afforded an opportunity to object.

(c) *Duplicate copies*. A duplicate copy of a document is admissible to the same extent as the original, unless a genuine issue is raised as to whether the copy is in some material respect not a true and legible copy of the original.

(d) *Objections to admissibility of evidence*. Objections to the admissibility of evidence must be timely made and rulings on all objections must appear on the record. Failure to object to admission of evidence or to any ruling constitutes a waiver of the objection.

(e) *Rejected exhibits*. The Administrative Law Judge shall retain rejected

exhibits, adequately marked for identification, in the event of an interlocutory appeal.

(f) *Stipulations.* The parties may stipulate as to any relevant matters of fact or to the authenticity of any relevant documents. Such stipulations may be received into evidence at a hearing and are binding on the parties with respect to the matters therein stipulated.

(g) *Depositions of unavailable witnesses.* If a witness is unavailable to testify at a hearing, and that witness has testified in a deposition within the United States to which all parties to the proceeding have received timely notice and an opportunity to participate, a party may offer as evidence all or any part of the transcript of the deposition, including deposition exhibits. All costs of depositions shall be borne by the party requesting the deposition.

**§515.716 Proposed decisions; recommended decision of Administrative Law Judge; final decision.**

(a) *Proposed decisions.* Any party may file with the Administrative Law Judge a proposed decision within 30 calendar days after the parties have received notice that the transcript has been filed with the Administrative Law Judge, unless otherwise ordered by the Administrative Law Judge.

(b) *Reliance on relevant authorities.* The proposed decision must be supported by citation to relevant authorities and by transcript page references to any relevant portions of the record. At the same time the proposed decision is filed, a post-hearing brief may be filed in support. The post-hearing brief shall be filed either as part of the same document or in a separate document.

(c) *Reply briefs.* Reply briefs may be filed within 15 calendar days after the date on which the parties' proposed decision is due. Reply briefs must be strictly limited to responding to new matters, issues, or arguments raised in another party's papers. A party who has not filed a proposed decision or a post-hearing brief may not file a reply brief.

(d) *Simultaneous filing required.* Absent a showing of good cause for the use of another procedure, the Administrative Law Judge shall not order the filing by any party of any brief or reply

brief in advance of the other party's filing of its brief.

(e) *Recommended decision and filing of record.* Within 45 calendar days after expiration of the time allowed for filing reply briefs, the Administrative Law Judge shall file with and certify to the Secretary or the Secretary's designee the record of the proceeding and the decision. The record must include the Administrative Law Judge's recommended decision, including a determination either that there was no violation by the person named in the prepenalty notice, or that there was a violation by the person named in the prepenalty notice, and the recommended monetary penalty and/or civil forfeiture and/or other disposition available to the Office of Foreign Assets Control. In addition to the proposed decision, the record must include all prehearing and hearing transcripts, exhibits, and rulings, and the motions, briefs, memoranda, and other supporting papers filed in connection with the hearing. The Administrative Law Judge shall have the recommended decision served upon each party.

(f) *Exceptions to the recommended decision.* When the Administrative Law Judge has issued his recommended decision, the Administrative Law Judge or his representative shall contact each party by telephone at the telephone number provided by each party pursuant to §515.703(b)(1)(iii). Within 3 calendar days of telephoning the parties, the recommended decision shall be mailed by the Administrative Law Judge to the parties. A party may file written exceptions to the recommended decision with the Secretary or the Secretary's designee within 30 calendar days of the date the telephone call is placed by the Administrative Law Judge or his representative. A supporting brief may be filed at the time the exceptions are filed.

(g) *Final decision.* The final decision of the Secretary or the Secretary's designee shall be based on a review of the Administrative Law Judge's recommended decision and the entire record of the proceeding. The final written decision shall be provided to all parties.

**§ 515.717 Judicial review.**

Any person may seek judicial review as provided under 5 U.S.C. 702 for a penalty and/or forfeiture imposed pursuant to this part.

**§ 515.718 Referral to United States Department of Justice; administrative collection measures.**

In the event that the respondent does not pay the penalty imposed pursuant to this part within 30 calendar days of the mailing of the written notice of the imposition of the penalty, the matter may be referred for administrative collection measures or 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****§ 515.801 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 subpart D of part 501 of this chapter.

[62 FR 45106, Aug. 25, 1997]

**§ 515.802 Delegation by the Secretary of the Treasury.**

Any action under § 515.201 which the Secretary of the Treasury is authorized to take pursuant to Proclamation 3447 or the Trading With the Enemy Act 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.

[28 FR 6974, July 9, 1963. Redesignated at 62 FR 45106, Aug. 25, 1997]

**§ 515.803 Customs procedures; merchandise specified in § 515.204.**

(a) With respect to merchandise specified in § 515.204 (including nickel-bearing materials presumptively subject thereto) whether or not such merchandise has been imported into the United States, collectors of customs shall not accept or allow any:

(1) Entry for consumption (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any other informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Transfer or withdrawal from a foreign-trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign-trade zone, unless either:

(i) The merchandise was imported prior to 12:01 a.m., February 7, 1962, or

(ii) A specific license pursuant to this part is presented, or

(iii) Instructions from the Office of Foreign Assets Control, authorizing the transaction are received, or

(iv) The original of an appropriate certificate of origin as defined in § 515.536(d) is presented.

(b) Whenever a specific license is presented to a collector of customs in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the collector of customs at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, shall bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license shall be presented to the collector in respect of each such transaction and shall bear a notation in ink by the licensee or person presenting the license showing the description, quantity and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation should be so placed and so written that there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal or other transaction with regard to the merchandise the collector, or other authorized customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be

returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the collector to the Foreign Assets Control.

(c)(1) Whenever the original of an appropriate certificate of origin as defined in §515.536(d) is presented to a collector of customs in accordance with this section, an additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the collector of customs at the port where the transaction is to take place. Each copy of the entry, withdrawal, or other appropriate document, including the additional copy, shall bear plainly on its face the following statement: "This document is presented under the provisions of §515.536 (c) of the Cuban Assets Control Regulations." The original of the certificate of origin shall not be returned to the person presenting it. It shall be securely attached to the additional copy required by this subparagraph and shall be forwarded by the collector to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220. Collectors may forward such documents weekly or more often if the volume warrants.

(2) If the original of an appropriate certificate of origin is properly presented to a collector of customs with respect to a transaction which is the first of a series of transactions which may be allowed in connection therewith under paragraph (a)(6)(iv) of this section (as, for example, where merchandise has been entered in a bonded warehouse and an appropriate certificate of origin is presented which relates to all of the merchandise entered therein but the importer desires to withdraw only part of the merchandise in the first transaction), the collector shall so note on the original of the appropriate certificate of origin and return it to the importer. In addition, the collector shall endorse his pertinent records so as to record what merchandise is covered by the appropriate certificate of origin presented. The collector may thereafter allow subsequent authorized transactions on presentation of the certificate of origin. The collector shall, with respect to each

such transaction, demand an additional copy of each withdrawal or other appropriate document, which copy shall be promptly forwarded by the collector to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, with an endorsement thereon reading:

This document has been accepted pursuant to §515.808(c) (2) of the Cuban Assets Control Regulations. Appropriate certificate of origin No. \_\_\_\_\_ from (country).

When the final transaction has been effected under the certificate of origin, the original shall be taken up and attached to the entry and forwarded as in this paragraph.

(d) Whenever a person shall present an entry, withdrawal or other appropriate document affected by this section and shall assert that no specific Foreign Assets Control license or appropriate certificate of origin as defined in §515.536 (d) is required in connection therewith, the collector of customs shall withhold action thereon and shall advise such person to communicate directly with the Office of Foreign Assets Control to request that instructions be issued to the collector to authorize him to take action with regard thereto.

[30 FR 15371, Dec. 14, 1965, as amended at 57 FR 1388, Jan. 14, 1992. Redesignated at 62 FR 45106, Aug. 25, 1997]

### Subpart I—Miscellaneous Provisions

#### §515.901 Paperwork Reduction Act notice.

Collection of information on TDF 90-22.39, "Declaration, Travel to Cuba," has been approved by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act (44 U.S.C. 3507(j)) and assigned control number 1505-0118. For approval by OMB under the Paperwork Reduction Act of information collections relating to recordkeeping 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 45106, Aug. 25, 1997]

## PART 535—IRANIAN ASSETS CONTROL REGULATIONS

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

Sec.

535.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

535.201 Transactions involving property in which Iran or Iranian entities have an interest.

535.202 Transactions with respect to securities registered or inscribed in the name of Iran.

535.203 Effect of transfers violating the provisions of this part.

535.208 Evasions; effective date.

535.210 Direction for establishing an escrow agreement.

535.211 Direction involving transfers by the Federal Reserve Bank concerning certain Iranian property.

535.212 Direction to transfer property in which Iran or an Iranian entity has an interest by branches and offices of United States banks located outside the United States.

535.213 Direction involving property held by offices of banks in the United States in which Iran or an Iranian entity has an interest.

535.214 Direction involving other financial assets in which Iran or an Iranian entity has an interest held by any person subject to the jurisdiction of the United States.

535.215 Direction involving other properties in which Iran or an Iranian entity has an interest held by any person subject to the jurisdiction of the United States.

535.216 Prohibition against prosecution of certain claims.

535.217 Blocking of property of the former Shah of Iran and of certain other Iranian nationals.

535.218 Prohibitions and nullifications with respect to property described in §§ 535.211, 535.212, 535.213, 535.214 and 535.215 and standby letters of credit.

535.219 Discharge of obligation by compliance with this part.

535.220 Timing of transfers required by § 535.212.

535.221 Compliance with directive provisions.

535.222 Suspension of claims eligible for Claims Tribunal.

### Subpart C—General Definitions

535.301 Iran; Iranian Entity.

535.308 Person.

535.310 Transfer.

535.311 Property; property interests.

535.312 Interest.

535.316 License.

535.317 General license.

535.318 Specific license.

535.320 Domestic bank.

535.321 United States; continental United States.

535.329 Person subject to the jurisdiction of the United States.

535.333 Properties.

535.334 Act of the Government of Iran.

535.335 Claim arising out of events in Iran.

535.337 Funds.

### Subpart D—Interpretations

535.401 Reference to amended sections.

535.402 Effect of amendment of sections of this part or of other orders, etc.

535.403 Termination and acquisition of an interest of Iran or an Iranian entity.

535.413 Transfers between dollar accounts held for foreign banks.

535.414 Payments to blocked accounts under § 535.508.

535.415 Payment by Iranian entities of obligations to persons within the United States.

535.416 Letters of credit.

535.420 Transfers of accounts under § 535.508 from demand to interest-bearing status.

535.421 Prior contractual commitments not a basis for licensing.

535.433 Central Bank of Iran.

535.437 Effect on other authorities.

535.438 Standby letters of credit, performance or payment bonds and similar obligations.

535.440 Commercially reasonable interest rates.

535.441 Settlement Agreement regarding small claims.

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

535.502 Effect of license or authorization.

535.503 Exclusion from licenses and authorizations.

535.504 Certain judicial proceedings with respect to property of Iran or Iranian entities.

535.508 Payments to blocked accounts in domestic banks.

535.528 Certain transactions with respect to Iranian patents, trademarks and copyrights authorized.

535.531 Payment of certain checks and drafts.

535.532 Completion of certain securities transactions.

## § 535.101

- 535.540 Disposition of certain tangible property.
- 535.566 Unblocking of foreign currency deposits held by U.S.-owned or controlled foreign firms.
- 535.567 Payment under advised letters of credit.
- 535.568 Certain standby letters of credit and performance bonds.
- 535.569 Licensed letter of credit transactions; forwarding of documents.
- 535.576 Payment of non-dollar letters of credit to Iran.
- 535.579 Authorization of new transactions concerning certain Iranian property.
- 535.580 Necessary living expenses of relatives of the former Shah of Iran.

### Subpart F—Reports

- 535.601 Records and reports.

### Subpart G—Penalties

- 535.701 Penalties.
- 535.702 Prepenalty notice.
- 535.703 Presentation responding to prepenalty notice.
- 535.704 Penalty notice.
- 535.705 Referral to United States Department of Justice.

### Subpart H—Procedures

- 535.801 Procedures.

### Subpart I—Miscellaneous Provisions

- 535.901 Dollar accounts at banks abroad.
- 535.902 Set-offs by U.S. owned or controlled firms abroad.
- 535.904 Payment by Iranian entities of obligations to persons within the United States.
- 535.905 Paperwork Reduction Act notice.

AUTHORITY: 18 U.S.C. 2332d; 31 U.S.C. 321(b); 50 U.S.C. 1701-1706; 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 26685, 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 7923, 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.

SOURCE: 44 FR 65956, Nov. 15, 1979, unless otherwise noted.

## 31 CFR Ch. V (7-1-02 Edition)

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

#### § 535.101 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 such parts shall be deemed to authorize any transaction prohibited by this part, nor shall any license or authorization issued pursuant to any other provision of law (except this part) be deemed to authorize any transaction so prohibited.

(b) No license or authorization contained in or issued pursuant to this part shall be deemed to authorize any transaction to the extent that it is prohibited by reason of the provisions of any law or any statute other than the International Emergency Economic Powers Act, as amended, or any proclamation order or regulation other than those contained in or issued pursuant to this part.

[44 FR 65956, Nov. 15, 1979, as amended at 62 FR 45107, Aug. 25, 1997]

### Subpart B—Prohibitions

#### § 535.201 Transactions involving property in which Iran or Iranian entities have an interest.

No property subject to the jurisdiction of the United States or which is in the possession of or control of persons subject to the jurisdiction of the United States in which on or after the effective date Iran has any interest of any nature whatsoever may be transferred, paid, exported, withdrawn or otherwise dealt in except as authorized.

[45 FR 24432, Apr. 9, 1980]

#### § 535.202 Transactions with respect to securities registered or inscribed in the name of Iran.

Unless authorized by a license expressly referring to this section, the acquisition, transfer (including the

transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of any Iranian entity is prohibited irrespective of the fact that at any time (either prior to, on, 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.

**§ 535.203 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 thereunder and involves any property in which Iran has or has had an interest since such effective 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 Iran has or has had an interest since the effective date unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such effective date.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act and 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 pursuant to such provisions, 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 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 the provision of 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 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 thereunder, or

(ii) Such transfer was not licensed or authorized by the Secretary of the Treasury, or

(iii) If a license did purport to cover the transfer, such license had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; the person with whom such property was held or maintained filed with the Treasury Department, Washington, D.C., a report in triplicate 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 to be compliance or evidence of compliance with paragraphs (d) (1) and (2) of this section.

(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 Iran.

## § 535.208

(f) For the purpose of this section the term *property* includes gold, silver, bullion, currency, coin, credit, securities (as that term is defined in section 2(l) of the Securities Act of 1933, as amended), bills of exchange, notes, drafts, acceptances, checks, letters of credit, book credits, debts, claims, contracts, negotiable documents of title, mortgages, liens, annuities, insurance policies, options and futures in commodities, and evidences of any of the foregoing. The term *property* shall not, except to the extent indicated, be deemed to include chattels or real property.

[44 FR 65956, Nov. 15, 1979, as amended at 45 FR 24432, Apr. 9, 1980]

### § 535.208 Evasions; effective date.

(a) Any transaction for the purpose of, or which has the effect of, evading or avoiding any of the prohibitions set forth in this subpart is hereby prohibited.

(b) The term *effective date* means, with respect to transactions prohibited in § 535.201, 8:10 a.m. eastern standard time, November 14, 1979, and with respect to the transactions prohibited in §§ 535.206 and 535.207, 4:19 p.m. eastern standard time, April 7, 1980.

(c) With respect to any amendments of the foregoing sections or any other amendments to this part the term "effective date" shall mean the date of filing with the FEDERAL REGISTER.

[45 FR 24433, Apr. 9, 1980, as amended at 45 FR 26940, Apr. 21, 1980]

### § 535.210 Direction for establishing an escrow agreement.

(a) The Federal Reserve Bank of New York, as fiscal agent of the United States, is licensed, authorized, directed and compelled to enter into escrow and related agreements under which certain money and other assets shall be credited to escrow accounts by the Bank of England or the N.V. Settlement Bank of the Netherlands.

(b) The Federal Reserve Bank of New York is licensed, authorized, directed and compelled, as fiscal agent of the United States, to receive certain money and other assets in which Iran

## 31 CFR Ch. V (7-1-02 Edition)

or its agencies, instrumentalities or controlled entities have an interest and to hold or transfer such money and other assets, and any earnings or interest payable thereon, in such manner and at such times as the Secretary of the Treasury deems necessary to fulfill the rights and obligations of the United States under the Declaration of the government of the Democratic and Popular Republic of Algeria dated January 19, 1981, and the Undertakings of the Government of the United States of America and the Government of Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria, and the escrow and related agreements described in paragraph (a) of this section. Such money and other assets may be invested, or not, at the discretion of the Federal Reserve Bank of New York, as fiscal agent of the United States.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14333, Feb. 26, 1981, as amended at 46 FR 42063, Aug. 19, 1981]

### § 535.211 Direction involving transfers by the Federal Reserve Bank concerning certain Iranian property.

The Federal Reserve Bank of New York is licensed, authorized, directed and compelled to transfer to its account at the Bank of England, and subsequently to transfer to accounts in the name of the Central Bank of Algeria as Escrow Agent at the Bank of England that are established pursuant to an escrow and related agreements approved by the Secretary of the Treasury, all gold bullion, together with all other assets in its custody (or the cash equivalent thereof), of Iran or its agencies, instrumentalities or controlled entities. Such transfers, and whatever further related transactions

are deemed appropriate by the Secretary of the Treasury, shall be executed when and in the manner directed by the Secretary of the Treasury.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14333, Feb. 26, 1981]

**§ 535.212 Direction to transfer property in which Iran or an Iranian entity has an interest by branches and offices of United States banks located outside the United States.**

(a) Any branch or office of a United States bank or subsidiary thereof, which branch, office or subsidiary is located outside the territory of the United States, and which, on or after 8:10 a.m., e.s.t., on November 14, 1979:

(1) Has been or is in possession of funds or securities legally or beneficially owned by the Government of Iran or its agencies, instrumentalities, or controlled entities, or

(2) Has carried or is carrying on its books deposits standing to the credit of or beneficially owned by such government, its agencies, instrumentalities or controlled entities, is licensed, authorized, directed and compelled to transfer such funds, securities and deposits, held on January 19, 1981, including interest from November 14, 1979, at commercially reasonable rates, to the account of the Federal Reserve Bank of New York, as fiscal agent of the U.S., at the Bank of England, to be held or transferred as directed by the Secretary of the Treasury. The funds, securities and deposits described in this section shall be further transferred as provided for in the Declarations of the Government of the Democratic and Popular Republic of Algeria and the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration.

(b) Any banking institution subject to the jurisdiction of the United States that has executed a set-off on or after 8:10 a.m., e.s.t., November 14, 1979, against Iranian funds, securities or deposits referred to in paragraph (a) of

this section is hereby licensed, authorized, directed and compelled to cancel such set-off and to transfer all funds, securities and deposits which have been subject to such set-off, including interest from November 14, 1979, at commercially reasonable rates, pursuant to the provisions of paragraph (a) of this section.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14333, Feb. 26, 1981]

**§ 535.213 Direction involving property held by offices of banks in the United States in which Iran or an Iranian entity has an interest.**

(a) Any branch or office of a bank, which branch or office is located within the United States and is, on the effective date of this section, either:

(1) In possession of funds or securities legally or beneficially owned by the Government of Iran or its agencies, instrumentalities or controlled entities, or

(2) Carrying on its books deposits standing to the credit of or beneficially owned by such government or its agencies, instrumentalities or controlled entities, is licensed, authorized, directed and compelled to transfer such funds, securities and deposits, held on January 19, 1981, including interest from November 14, 1979, at commercially reasonable rates, to the Federal Reserve Bank of New York, as fiscal agent of the U.S., to be held or transferred as directed by the Secretary of the Treasury.

(b) Transfer of funds, securities or deposits under paragraph (a) of this section shall be in accordance with the provisions of § 535.221 of this part, and such funds, securities or deposits, plus interest at commercially reasonable rates from November 14, 1979, to the transfer date, shall be received by the Federal Reserve Bank of New York by 11 a.m., E.D.T., July 10, 1981. For periods for which rates are to be determined in the future, whether by agreement between Iran and the bank or otherwise (see § 535.440), interest for

## §535.214

such periods shall be transferred to the Federal Reserve Bank of New York promptly upon such determination. Such interest shall include interest at commercially reasonable rates from July 19, 1981, on the interest which would have accrued by July 19, 1981.

(c) Any funds, securities or deposits subject to a valid attachment, injunction or other like proceeding or process not affected by §535.218 need not be transferred as otherwise required by this section.

(d) The transfers of securities required by this section shall be made notwithstanding §535.202.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 26477, May 13, 1981, as amended at 46 FR 30341, June 8, 1981; 46 FR 35106, July 7, 1981; 48 FR 253, Jan. 4, 1983]

## §535.214 Direction involving other financial assets in which Iran or an Iranian entity has an interest held by any person subject to the jurisdiction of the United States.

(a) Any person subject to the jurisdiction of the United States which is not a banking institution and is on January 19, 1981, in possession or control of funds or securities of Iran or its agencies, instrumentalities or controlled entities is licensed, authorized, directed and compelled to transfer such funds or securities to the Federal Reserve Bank of New York, as fiscal agent of the U.S. to be held or transferred as directed by the Secretary of the Treasury. However, such funds and securities need not be transferred until any disputes (not relating to any attachment, injunction or similar order) as to the entitlement of Iran and its entities to them are resolved.

(b) Transfers of funds and securities under paragraph (a) of this section shall be in accordance with the provisions of §535.221 of this part, and such funds and securities shall be received by the Federal Reserve Bank of New York by 11 a.m., E.D.T., July 10, 1981.

(c) Any funds, securities or deposits subject to a valid attachment, injunction or other like proceeding or process

## 31 CFR Ch. V (7–1–02 Edition)

not affected by §535.218 need not be transferred as otherwise required by this section.

(d) The transfers of securities required by this section shall be made notwithstanding §535.202.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 26447, May 13, 1981, as amended at 46 FR 30341, June 8, 1981; 46 FR 35107, July 7, 1981]

## §535.215 Direction involving other properties in which Iran or an Iranian entity has an interest held by any person subject to the jurisdiction of the United States.

(a) Except as provided in paragraphs (b) and (c) of this section, all persons subject to the jurisdiction of the United States in possession or control of properties, as defined in §535.333 of this part, not including funds and securities owned by Iran or its agencies, instrumentalities or controlled entities, are licensed, authorized, directed and compelled to transfer such properties held on January 18, 1981 as directed after that day by the Government of Iran, acting through its authorized agent. Such directions shall include arrangements for payment of the costs of transporting the properties, unless the possessors of the properties were required to pay such costs by contract or applicable law on January 19, 1981. Except where specifically stated, this license, authorization and direction does not relieve persons subject to the jurisdiction of the United States from existing legal requirements other than those based upon the International Emergency Economic Powers Act.

(b) Any properties subject to a valid attachment, injunction or other like proceeding or process not affected by §535.218 need not be transferred as otherwise required by this section.

(c) Notwithstanding paragraph (a) of this section, persons subject to the jurisdiction of the United States, including agencies, instrumentalities and entities controlled by the Government of Iran, who have possession, custody or control of blocked tangible property

covered by § 535.201, shall not transfer such property without a specific Treasury license, if the export of such property requires a specific license or authorization pursuant to the provisions of any of the following acts, as amended, or regulations in force with respect to them: the Export Administration Act, 50 U.S.C. App. 2403, *et seq.*, the Aims Export Control Act, 22 U.S.C. 2751, *et seq.*, the Atomic Energy Act, 42 U.S.C. 2011, *et seq.*, or any other act prohibiting the export of such property, except as licensed.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14334, Feb. 26, 1981, as amended at 46 FR 26477, May 13, 1981; 49 FR 21322, May 21, 1984; 66 FR 38554, July 25, 2001]

**§ 535.216 Prohibition against prosecution of certain claims.**

(a) Persons subject to the jurisdiction of the United States are prohibited from prosecuting in any court within the United States or elsewhere, whether or not litigation was commenced before or after January 19, 1981, any claim against the Government of Iran arising out of events occurring before January 19, 1981 relating to:

(1) The seizure of the hostages on November 4, 1979;

(2) The subsequent detention of such hostages;

(3) Injury to United States property or property of United States nationals within the United States Embassy compound in Tehran after November 3, 1979; or

(4) Injury to United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran.

(b) Any persons who are not United States nationals are prohibited from prosecuting any claim described in paragraph (a) of this section in any court within the United States.

(c) No further action, measure or process shall be taken after the effective date of this section in any judicial

proceeding instituted before the effective date of this section which is based upon any claim described in paragraph (a) of this section, and all such proceedings shall be terminated.

(d) No judicial order issued in the course of the proceedings described in paragraph (c) of this section shall be enforced in any way.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14334, Feb. 26, 1981]

**§ 535.217 Blocking of property of the former Shah of Iran and of certain other Iranian nationals.**

(a) For the purpose of protecting the rights of litigants in courts within the United States, all property and assets located in the United States in the control of the estate of Mohammad Reza Pahlavi, the former Shah of Iran, or any close relative of the former Shah served as a defendant in litigation in such courts brought by Iran seeking the return of property alleged to belong to Iran, is blocked as to each such estate or person, until all such litigation against such estate or person is finally terminated. This provision shall apply only to such estate or persons as to which Iran has furnished proof of service to the Office of Foreign Assets Control and which the Office has identified in paragraph (b) of this section.

(b) [No persons presently listed].

(c) The effective date of this section is January 19, 1981, except as otherwise specified after the name of a person identified in paragraph (b) of this section.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 26478, May 13, 1981, as amended at 61 FR 8216, Mar. 4, 1996; 61 FR 15382, Apr. 8, 1996]

## § 535.218

### **§ 535.218 Prohibitions and nullifications with respect to property described in §§ 535.211, 535.212, 535.213, 535.214 and 535.215 and standby letters of credit.**

(a) All licenses and authorizations for acquiring or exercising any right, power or privilege, by court order, attachment, or otherwise, including the license contained in § 535.504, with respect to the property described in §§ 535.211, 535.212, 535.213, 535.214 and 535.215 are revoked and withdrawn.

(b) All rights, powers and privileges relating to the property described in §§ 535.211, 535.212, 535.213, 535.214 and 535.215 and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m., e.s.t., including those derived from § 535.504, other than rights, powers and privileges of the Government of Iran and its agencies, instrumentalities and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power or privilege, whether by court order or otherwise, with respect to property (and any income earned thereon) referred to in §§ 535.211, 535.212, 535.213, 535.214 and 535.215.

(d) The prohibitions contained in paragraph (c) of this section shall not apply to Iran, its agencies, instrumentalities or controlled entities.

(e) Paragraph (a) of this section does not revoke or withdraw specific licenses authorizing the operation of blocked accounts which were issued prior to January 19, 1981, and which do not relate to litigation. Such licenses shall be deemed to be revoked as of May 31, 1981, unless extended by general or specific license issued subsequent to February 26, 1981.

(f) The provisions of paragraphs (a), (b) and (c) of this section shall apply to contested and contingent liabilities and property interests of the Government of Iran, its agencies, instrumentalities or controlled entities, including debts.

## 31 CFR Ch. V (7-1-02 Edition)

(g) All existing attachments on standby letters of credit, performance bonds and similar obligations and on substitute blocked accounts established under § 535.568 relating to standby letters of credit, performance bonds and similar obligations are nullified and all future attachments on them are hereafter prohibited. All rights, powers and privileges relating to such attachments are nullified and all persons hereafter are barred from asserting or exercising any rights, powers or privileges derived therefrom.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14334, Feb. 26, 1981, as amended at 46 FR 26477, May 13, 1981]

### **§ 535.219 Discharge of obligation by compliance with this part.**

Compliance with §§ 535.210, 535.211, 535.212, 535.213, 535.214 and 535.215, or any other orders, regulations, instructions or directions issued pursuant to this part licensing, authorizing, directing or compelling the transfer of the assets described in those sections, shall, to the extent thereof, be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions or directions.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14334, Feb. 26, 1981]

### **§ 535.220 Timing of transfers required by § 535.212.**

Transfers required by § 535.212 to the account of the Federal Reserve Bank of New York, as fiscal agent of the U.S.,



at the Bank of England shall be executed no later than 6 a.m., e.s.t., January 20, 1981, when the banking institution had knowledge of the terms of Executive Order 12278 of January 19, 1981.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14335, Feb. 26, 1981]

**§ 535.221 Compliance with directive provisions.**

(a) Transfers of deposits or funds required by §§ 535.213 and 535.214 of this part shall be effected by means of wire transfer to the Federal Reserve Bank of New York for credit to the following accounts: with respect to transfers required by § 535.213, to the Federal Reserve Bank of New York, as fiscal agent of the United States, Special Deposit Account A, and with respect to transfers required by § 535.214, to the Federal Reserve Bank of New York, as fiscal agent of the United States, Special Deposit Account B.

(b) Securities to be transferred as required by §§ 535.213 and 535.214 of this part that are not presently registered in the name of Iran or an Iranian entity shall be delivered to the Federal Reserve Bank of New York in fully transferable form (bearer or endorsed in blank), accompanied by all necessary transfer documentation, *e.g.*, stock or bond powers or powers of attorney. All securities transferred, including those presently registered in the name of Iran or an Iranian entity, shall be accompanied by instructions to deposit such securities to the following accounts: with respect to transfers required by § 535.213, to the Federal Reserve Bank of New York, as fiscal agent of the United States, Special Custody Account A, and with respect to transfers required by § 535.214, to the Federal Reserve Bank of New York, as fiscal agent of the United States, Special Custody Account B.

(1) Securities which are in book-entry form shall be transferred by wire transfer to the Federal Reserve Bank of New York to the appropriate account named in this paragraph.

(2) Definitive securities which are in bearer or registered form shall be hand delivered or forwarded by registered mail, insured, to the Federal Reserve Bank of New York, Safekeeping Department, to the appropriate account named in this paragraph.

(c) If a security in which Iran or an Iranian entity has an interest is evidenced by a depositary receipt or other evidence of a security, the legal owner of such security shall arrange to have the security placed in fully transferable form (bearer or endorsed in blank) as provided in paragraph (b) of this section, and transferred pursuant to paragraph (b)(2) of this section.

(d) Any person delivering a security or securities to the Federal Reserve Bank of New York under paragraph (b) of this section, shall provide the Bank at least 2 business days prior written notice of such delivery, specifically identifying the sending person, the face or par amount and type of security, and whether the security is in bearer, registered or book-entry form.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 30341, June 8, 1981]

**§ 535.222 Suspension of claims eligible for Claims Tribunal.**

(a) All claims which may be presented to the Iran-United States Claims Tribunal under the terms of Article II of the Declaration of the Government of the Democratic and Popular Republic of Algeria Concerning the Settlement of Claims by the Government of the United States of America and the Government of the Islamic Republic of Iran, dated January 19, 1981, and all claims for equitable or other judicial relief in connection with such claims, are hereby suspended, except as they may be presented to the Tribunal. During the period of this suspension, all such claims shall have no legal effect in any action now pending in any court in the United States, including the courts of any state and any locality thereof, the District of Columbia and Puerto Rico, or in any action

commenced in any such court after the effective date of this section.

(b) Nothing in paragraph (a) of this section shall prohibit the assertion of a defense, set-off or counterclaim in any pending or subsequent judicial proceeding commenced by the Government of Iran, any political subdivision of Iran, or any agency, instrumentality or entity controlled by the Government of Iran or any political subdivision thereof.

(c) Nothing in this section precludes the commencement of an action after the effective date of this section for the purpose of tolling the period of limitations for commencement of such action.

(d) Nothing in this section shall require dismissal of any action for want of prosecution.

(e) Suspension under this section of a claim or a portion thereof submitted to the Iran-United States Claims Tribunal for adjudication shall terminate upon a determination by the Tribunal that it does not have jurisdiction over such claim or portion thereof.

(f) A determination by the Iran-United States Claims Tribunal on the merits that a claimant is not entitled to recover on a claim or part thereof shall operate as a final resolution and discharge of such claim or part thereof for all purposes. A determination by the Tribunal that a claimant shall have recovery on a claim or part thereof in a specified amount shall operate as a final resolution and discharge of such claim or part thereof for all purposes upon payment to the claimant of the full amount of the award including any interest awarded by the Tribunal.

(g) Nothing in this section shall apply to any claim concerning the validity or payment of a standby letter of credit, performance or payment bond, or other similar instrument that is not the subject of a determination by the Iran-United States Claims Tribunal on the merits thereof. However, assertion of such a claim through judicial proceedings is governed by the general license in § 535.504. A determination by the Iran-United States Claims Tribunal on the merits that a standby letter of credit, performance bond or similar obligation is invalid, has been paid or otherwise discharged, or has no further

purpose, or any similar determination shall operate as a final resolution and discharge of Iran's interest therein and, notwithstanding the provisions of § 535.504, may be enforced by a judicial proceeding to obtain a final judicial judgment or order permanently disposing of that interest.

(h) The effective date of this section is February 24, 1981.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14335, Feb. 26, 1981, as amended at 47 FR 29529, July 7, 1982; 56 FR 6546, Feb. 15, 1991]

### Subpart C—General Definitions

#### § 535.301 Iran; Iranian Entity.

(a) The term *Iran* and *Iranian Entity* includes:

(1) The state and the Government of Iran as well as any political subdivision, agency, or instrumentality thereof or any territory, dependency, colony, protectorate, mandate, dominion, possession or place subject to the jurisdiction thereof;

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

(3) 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;

(4) Any territory which on or since the effective date is controlled or occupied by the military, naval or police forces or other authority of Iran; and

(5) Any other person or organization determined by the Secretary of the Treasury to be included within paragraph (a) of this section.

(b) A person specified in paragraph (a)(2) of this section shall not be deemed to fall within the definition of Iran solely by reason of being located in, organized under the laws of, or having its principal place of business in, Iran.

**§ 535.308 Person.**

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

[45 FR 24433, Apr. 9, 1980]

**§ 535.310 Transfer.**

The term *transfer* shall mean 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, 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, 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 decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

[44 FR 75352, Dec. 19, 1979]

**§ 535.311 Property; property interests.**

Except as defined in § 535.203(f) for the purposes of that section, the terms *property* and *property interest* or *property interests* shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, 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, powers of attorney, goods, wares, merchandise, chat-

tels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, grounds rents, 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, 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.

**§ 535.312 Interest.**

Except as otherwise provided in this part, the term *interest* when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

[44 FR 75352, Dec. 19, 1979]

**§ 535.316 License.**

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

[44 FR 66832, Nov. 21, 1979]

**§ 535.317 General license.**

A general license is any license or authorization the terms of which are set forth in this part.

[44 FR 66832, Nov. 21, 1979]

**§ 535.318 Specific license.**

A specific license is any license or authorization issued pursuant to this part but not set forth in this part.

[44 FR 66832, Nov. 21, 1979]

**§ 535.320 Domestic bank.**

(a) The term *domestic bank* shall mean any branch or office within the United States of any of the following which is not Iran or an Iranian entity: any bank or trust company incorporated under the banking laws of the United States or of any state, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any state, territory or district of

## § 535.321

the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a “domestic bank” for the purpose of this definition or for the purpose of any or all sections of this part.

(b) For purposes of §§ 535.413, 535.508, 535.531 and 535.901, the term *domestic bank* includes any branch or office within the United States of a non-Iranian foreign bank.

[44 FR 66832, Nov. 21, 1979]

## § 535.321 United States; continental United States.

The term *United States* means the United States and all areas under the jurisdiction or authority thereof including the Trust Territory of the Pacific Islands. The term *continental United States* means the states of the United States and the District of Columbia.

[44 FR 66833, Nov. 21, 1979]

## § 535.329 Person subject to the jurisdiction of the United States.

The term *person subject to the jurisdiction of the United States* includes:

(a) Any person wheresoever located who is a citizen or resident of the United States;

(b) Any person actually within the United States;

(c) Any corporation organized under the laws of the United States or of any state, territory, possession, or district of the United States; and

(d) Any partnership, association, corporation, or other organization wheresoever organized or doing business which is owned or controlled by persons specified in paragraph (a), (b), or (c) of this section.

## § 535.333 Properties.

(a) The term properties as used in § 535.215 means all uncontested and non-contingent liabilities and property interests of the Government of Iran, its agencies, instrumentalities, or controlled entities, including debts. It does not include bank deposits or funds and securities. It also does not include obligations under standby letters of credit or similar instruments in the nature of performance bonds, including accounts established pursuant to § 535.568.

## 31 CFR Ch. V (7–1–02 Edition)

(b) Properties do not cease to fall within the definition in paragraph (a), above, merely due to the existence of unpaid obligations, charges or fees relating to such properties, or undischarged liens against such properties.

(c) Liabilities and property interests of the Government of Iran, its agencies, instrumentalities, or controlled entities may be considered contested only if the holder thereof reasonably believes that Iran does not have title or has only partial title to the asset. After October 23, 2001, such a belief may be considered reasonable only if it is based upon a bona fide opinion, in writing, of an attorney licensed to practice within the United States stating that Iran does not have title or has only partial title to the asset. For purposes of this paragraph, the term holder shall include any person who possesses the property, or who, although not in physical possession of the property, has, by contract or otherwise, control over a third party who does in fact have physical possession of the property. A person is not a holder by virtue of being the beneficiary of an attachment, injunction or similar order.

(d) Liabilities and property interests shall not be deemed to be contested solely because they are subject to an attachment, injunction, or other similar order.

[66 FR 38554, July 25, 2001]

## § 535.334 Act of the Government of Iran.

For purposes of § 535.216, an act of the Government of Iran, includes any acts ordered, authorized, allowed, approved, or ratified by the Government of Iran, its agencies, instrumentalities or controlled entities.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

## § 535.335 Claim arising out of events in Iran.

For purposes of § 535.216, a claim is one “arising out of events” of the type

specified only if such event is the specific act that is the basis of the claim.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

#### § 535.337 Funds.

For purposes of this part, the term *funds* shall mean monies in trust, escrow and similar special funds held by non-banking institutions, currency and coins. It does not include accounts created under § 535.568.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 30341, June 8, 1981]

### Subpart D—Interpretations

#### § 535.401 Reference to amended sections.

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 unless otherwise so specified.

[45 FR 24433, Apr. 9, 1980]

#### § 535.402 Effect of amendment of sections of this part or of other orders, etc.

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 Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act shall not, unless otherwise specifically provided, be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case, prior to such amendment, modification, or revocation and all penalties, forfeitures, and liabilities under any such order, regulation, ruling, in-

struction or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

[45 FR 24433, Apr. 9, 1980]

#### § 535.403 Termination and acquisition of an interest of Iran or an Iranian entity.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from Iran or an Iranian entity, such property shall no longer be deemed to be property in which Iran or an Iranian entity 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 contained in or issued pursuant to this part, if property (including any property interest) is transferred to Iran or an Iranian interest, such property shall be deemed to be property in which there exists an interest of Iran or an Iranian entity.

[45 FR 24433, Apr. 9, 1980]

#### § 535.413 Transfers between dollar accounts held for foreign banks.

Transfers authorized by § 535.901 include transfers by order of a non-Iranian foreign bank from its account in a domestic bank (directly or through a foreign branch or subsidiary of a domestic bank) to an account held by a domestic bank (directly or through a foreign branch or subsidiary) for a second non-Iranian foreign bank which in turn credits an account held by it abroad for Iran. For the purposes of this section, a non-Iranian foreign bank means a bank which is not a person subject to the jurisdiction of the United States.

[44 FR 66833, Nov. 21, 1979]

#### § 535.414 Payments to blocked accounts under § 535.508.

(a) Section 535.508 does not authorize any transfer from a blocked account within the United States to an account held by any bank outside the United States or any other payment into a

**§ 535.415**

blocked account outside the United States.

(b) Section 535.508 only authorizes payment into a blocked account held by a domestic bank as defined by § 535.320.

[44 FR 67617, Nov. 26, 1979]

**§ 535.415 Payment by Iranian entities of obligations to persons within the United States.**

A person receiving payment under § 535.904 may distribute all or part of that payment to anyone: *Provided*, That any such payment to Iran or an Iranian entity must be to a blocked account in a domestic bank.

[44 FR 67617, Nov. 26, 1979]

**§ 535.416 Letters of credit.**

(a) *Question*. Prior to the effective date, a bank subject to the jurisdiction of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. Can payment be made upon presentation of documentary drafts?

*Answer*. Yes, provided payment is made into a blocked account in a domestic bank.

(b) *Question*. Prior to the effective date, a domestic branch of a bank organized or incorporated under the laws of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. Payment is to be made through a foreign branch of the bank. Can payment be made upon presentation of documentary drafts?

*Answer*. Yes, provided payment is made into a blocked account in a domestic bank.

(c) *Question*. Prior to the effective date, a foreign bank confirms a documentary letter of credit issued by its U.S. agency or branch for a non-Iranian account party in favor of an Iranian entity. Can the U.S. agency or branch of the foreign bank transfer funds to the foreign bank in connection with that foreign bank's payment under the letter of credit?

*Answer*. No, the U.S. agency's payment is blocked, unless the foreign bank made payment to the Iranian entity prior to the effective date.

(d) *Question*. Prior to the effective date, a bank subject to the jurisdiction of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. The Iranian entity presents documentary drafts which are deficient in some detail. May the non-Iranian account party waive the documentary deficiency and authorize the bank to make payment?

*Answer*. Yes, provided payment is made into a blocked account in a domestic bank. However, the non-Iranian account party is not obligated by these Regulations to exercise a waiver of documentary deficiencies. In cases where such a waiver is not exercised, the bank's payment obligation, if any, under the letter of credit remains blocked, as does any obligation, contingent or otherwise, of the account party. The documents are also blocked.

(e) *Question*. Prior to the effective date, a bank subject to the jurisdiction of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. The Iranian entity does not make timely, complete, or proper presentation of documents, and the letter of credit expires. Does there remain a blocked payment obligation held by the bank?

*Answer*. No, but any documents held by the bank continue to be blocked. It is also possible that the account party still has a related obligation to the Iranian entity and any such obligation would be blocked.

(f) *Question*. A bank subject to the jurisdiction of the United States has issued a letter of credit for a U.S. account party in favor of an Iranian entity. The letter of credit is confirmed by a foreign bank. Prior to or after the effective date, the Iranian entity presents documents to the U.S. issuing bank. Payment is deferred. After the effective date, the Iranian entity requests that the issuing bank either return the documents to the Iranian entity or transfer them to the confirming bank. Can the issuing bank do so?

*Answer*. No. The U.S. issuing bank can neither return nor transfer the documents without a license. The documents constitute blocked property under the Regulations.

(g) *Question.* Prior to the effective date, a bank subject to the jurisdiction of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. The Iranian entity presents documentary drafts which are deficient in some detail. May the non-Iranian account party waive the documentary deficiency and make payment?

*Answer.* Yes, provided payment is made into a blocked account in a domestic bank. However, the non-Iranian account party is not obligated by these Regulations to exercise a waiver of documentary deficiencies. In cases where such a waiver is not exercised, the amount of the payment held by the account party is blocked.

[44 FR 69287, Dec. 3, 1979, as amended at 44 FR 75353, Dec. 19, 1979]

**§ 535.420 Transfers of accounts under § 535.508 from demand to interest-bearing status.**

Section 535.508 authorizes transfer of a blocked demand deposit account to interest-bearing status at the instruction of the Iranian depositor at any time.

[44 FR 76784, Dec. 28, 1979]

**§ 535.421 Prior contractual commitments not a basis for licensing.**

Specific licenses are not issued on the basis that an unlicensed firm commitment or payment has been made in connection with a transaction prohibited by this part. Contractual commitments to engage in transactions subject to the prohibitions of this part should not be made, unless the contract specifically states that the transaction is authorized by general license or that it is subject to the issuance of a specific license.

[45 FR 24433, Apr. 9, 1980]

**§ 535.433 Central Bank of Iran.**

The Central Bank of Iran (Bank Markazi Iran) is an agency, instrumentality and controlled entity of the Gov-

ernment of Iran for all purposes under this part.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

**§ 535.437 Effect on other authorities.**

Nothing in this part in any way relieves any persons subject to the jurisdiction of the United States from securing licenses or other authorizations as required from the Secretary of State, the Secretary of Commerce or other relevant agency prior to executing the transactions authorized or directed by this part. This includes licenses for transactions involving military equipment.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

**§ 535.438 Standby letters of credit, performance or payment bonds and similar obligations.**

(a) Nothing contained in §§ 535.212, 535.213 and 535.214 or in any other provision or revocation or amendment of any provision in this part affects the prohibition in § 535.201 and the licensing procedure in § 535.568 relating to certain standby letters of credit, performance bonds and similar obligations. The term *funds and securities* as used in this part does not include substitute blocked accounts established under section 535.568 relating to standby letters of credit, performance or payment bonds and similar obligations.

(b) No transfer requirement under § 535.213 or § 535.214 shall be deemed to authorize or compel any payment or transfer of any obligation under a standby letter of credit, performance bond or similar obligation as to which a blocked account has been established

## § 535.440

pursuant to § 535.568 or as to which payment is prohibited under an injunction obtained by the account party.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981, as amended at 46 FR 30341, June 8, 1981]

### § 535.440 Commercially reasonable interest rates.

(a) For purposes of §§ 535.212 and 535.213, what is meant by “commercially reasonable rates” depends on the particular circumstances. In the case of time or savings deposits, the “commercially reasonable rate” is that rate provided for by the deposit agreement or applicable law. With respect to other obligations where the rate remains to be determined, it is presently expected that the “commercially reasonable rate” will be the rate agreed upon by the bank and Iran. However, where a deposit has in fact operated as a demand account under Treasury license, it would be appropriate to treat the deposit for purposes of §§ 535.212 and 535.213 as a non-interest bearing account. Furthermore, in the event that the Iran-U.S. Claims Tribunal (the “Tribunal”) determines that interest additional to that agreed upon between the bank and Iran, or compensation or damages in lieu of interest, is due Iran, then that amount determined by the Tribunal to be owing to Iran shall be transferred as, or as part of, the interest at “commercially reasonable rates” required to be transferred pursuant to §§ 535.212 and 535.213, regardless of any settlement between the bank and Iran or any release or discharge that Iran may have given the bank.

(b) The contingent interest of Iran in any liability for further or additional interest, or compensation or damages in lieu of interest, that may be claimed in, and determined by the Tribunal, constitutes an interest of Iran in property for purposes of this part, and no agreement between Iran and any person subject to the jurisdiction of the United States is effective to extinguish such Iranian interest in property un-

## 31 CFR Ch. V (7-1-02 Edition)

less so specifically licensed by the Treasury Department.

(c) For deposits held as time deposits, no penalty shall be imposed for early withdrawal. (In this connection, the Board of Governors of the Federal Reserve System has determined that application of the penalty for early withdrawal of time deposits transferred before maturity, pursuant to § 535.213 is not required.)

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205; 45 FR 24099; E.O. 12211, 45 FR 26605; E.O. 12276, 46 FR 7913; E.O. 12277, 46 FR 7915; E.O. 12278, 46 FR 7917; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; and E.O. 12294, 46 FR 14111)

[48 FR 253, Jan. 4, 1983]

### § 535.441 Settlement Agreement regarding small claims.

(a) Award No. 483 of June 22, 1990 of the Iran-United States Claims Tribunal, approving and giving effect to the Settlement Agreement in Claims of Less Than \$250,000, Case No. 86 and Case No. B38, dated May 13, 1990 (the “Settlement Agreement”), constitutes a determination by the Iran-United States Claims Tribunal of all claims encompassed therein within the meaning of § 535.222(f) of this part. In accordance with § 535.222(f), upon payment from the Security Account to the United States, the Settlement Agreement shall operate as a final resolution and discharge of all claims encompassed by the Settlement Agreement for all purposes. All such claims shall be subject to the exclusive jurisdiction of the Foreign Claims Settlement Commission on the terms established in the Settlement Agreement and by the provisions of Public Law 99-93, Title V, Aug. 16, 1985, 99 Stat. 437, applicable to *en bloc* settlements of claims of U.S. nationals against Iran.

(b) Pursuant to the Settlement Agreement, the private claims subject to that agreement and this part are “\* \* \* claims of less than \$250,000 each, which have been filed with the Tribunal by the United States on behalf of U.S. nationals, which claims are included in Cases Nos. 10001 through 12785, and which are still pending, \* \* \*,” and “\* \* \* claims of U.S. nationals for less than \$250,000 which have been



submitted to the United States Department of State but were not timely filed with the Tribunal, as well as claims of U.S. nationals for less than \$250,000 which have been either withdrawn by the Claimants or dismissed by the Tribunal for lack of jurisdiction, \* \* \* .” Settlement Agreement, Art. I(A).

[55 FR 40831, Oct. 5, 1990]

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

#### § 535.502 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 Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act, shall be deemed to authorize or validate any transaction effected prior to the issuance thereof, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Treasury Department 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 parts 500, 505, 515, 520 or 530 of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction or license authorizing a transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions 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.

[44 FR 66833, Nov. 21, 1979, as amended at 44 FR 75353, Dec. 19, 1979]

#### § 535.503 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude any person from the operation of any license or from the privileges therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof.

[44 FR 66833, Nov. 21, 1979]

#### § 535.504 Certain judicial proceedings with respect to property of Iran or Iranian entities.

(a) Subject to the limitations of paragraphs (b) and (c) of this section and § 535.222, judicial proceedings are authorized with respect to property in which on or after 8:10 a.m., e.s.t., November 14, 1979, there has existed an interest of Iran or an Iranian entity.

(b) This section does not authorize:

(1) Any pre-judgment attachment or any other proceeding of similar or analogous effect pertaining to any property (and any income earned thereon) subject to the provisions of §§ 535.211, 535.212, 535.213, 535.214 or 535.215 on January 19, 1981, including, but not limited to, a temporary restraining order or preliminary injunction, which operates as a restraint on property, for purposes of holding it within the jurisdiction of a court, or otherwise;

(2) Any payment or delivery out of a blocked account based upon a judicial proceeding, pertaining to any property subject to the provisions of §§ 535.211, 535.212, 535.213, 535.214 or 535.215 on January 19, 1981;

(3)(i) Any final judicial judgment or order (A) permanently enjoining, (B) terminating or nullifying, or (C) otherwise permanently disposing of any interest of Iran in any standby letter of credit, performance bond or similar obligation. Any license authorizing such action is hereby revoked and withdrawn. This revocation and withdrawal of prior licenses prohibits judgments or orders that are within the terms of this paragraph (b)(3)(i), including any such judgments or orders which may have been previously entered but which had not become final by July 2, 1982,

**§ 535.508**

**31 CFR Ch. V (7-1-02 Edition)**

through the conclusion of appellate proceedings or the expiration of the time for appeal.

(ii) Nothing in this paragraph (b)(3) shall prohibit the assertion of any defense, set-off or counterclaim in any pending or subsequent judicial proceeding commenced by the Government of Iran, any political subdivision of Iran, or any agency, instrumentality or entity owned or controlled by the Government of Iran or any political subdivision thereof.

(iii) Nothing in this paragraph (b)(3) shall preclude the commencement of an action for the purpose of tolling the period of limitations for commencement of such action.

(iv) Nothing in this paragraph (b)(3) shall require dismissal of any action for want of prosecution.

(c) For purposes of this section, contested and contingent liabilities and property interests of the Government of Iran, its agencies, instrumentalities, or controlled entities, including debts, shall be deemed to be subject to § 535.215.

(d) A judicial proceeding is not authorized by this section if it is based on transactions which violated the prohibitions of this part.

(e) Judicial proceedings to obtain attachments on standby letters of credit, performance bonds or similar obligations and on substitute blocked accounts established under § 535.568 relating to standby letters of credit, performance bonds and similar obligations are not authorized or licensed.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981, as amended at 46 FR 26477, May 13, 1981; 47 FR 29529, July 7, 1982; 47 FR 55482, Dec. 10, 1982; 48 FR 57129, Dec. 28, 1983]

**§ 535.508 Payments to blocked accounts in domestic banks.**

(a) Any payment or transfer of credit, including any payment or transfer by any U.S.-owned or controlled foreign firm or branch to a blocked account in a domestic bank in the name

of Iran or any Iranian entity is hereby authorized: *Provided*, Such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of the interest of Iran or an Iranian entity to any other country or person.

(b) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of Iran or the Iranian entity who is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(c) 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.

(d) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, or the income derived from such securities 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 were held.

(e) This section does not authorize any payment or transfer from a blocked account in a domestic bank 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 § 535.508: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[44 FR 66590, Nov. 20, 1979, as amended at 62 FR 45107, Aug. 25, 1997]

**§ 535.528 Certain transactions with respect to Iranian patents, trademarks and copyrights authorized.**

(a) The following transactions by any person subject to the jurisdiction of the United States are authorized:

(1) The filing and prosecution of any application for an Iranian patent,

trademark or copyright, or for the renewal thereof;

(2) The receipt of any Iranian patent, trademark or copyright;

(3) The filing and prosecution of opposition or infringement proceedings with respect to any Iranian patent, trademark, or copyright, and the prosecution of a defense to any such proceedings;

(4) The payment of fees currently due to the government of Iran, either directly or through an attorney or representative, in connection with any of the transactions authorized by paragraphs (a)(1), (2), and (3) of this section or for the maintenance of any Iranian patent, trademark or copyright; and

(5) The payment of reasonable and customary fees currently due to attorneys or representatives in Iran incurred in connection with any of the transactions authorized by paragraphs (a)(1), (2), (3) or (4) of this section.

(b) Payments effected pursuant to the terms of paragraphs (a)(4) and (5) of this section may not be made from any blocked account.

(c) As used in this section the term *Iranian patent, trademark, or copyright* shall mean any patent, petty patent, design patent, trademark or copyright issued by Iran.

[45 FR 29288, May 2, 1980]

**§ 535.531 Payment of certain checks and drafts.**

(a) A bank subject to the jurisdiction of the United States is hereby authorized to make payments from blocked accounts with such banking institution of checks and drafts drawn or issued prior to the effective date, *Provided*, That:

(1) The amount involved in any one payment, acceptance, or debit does not exceed \$3000; or

(2) The check or draft was within the United States in process of collection by a domestic bank on or prior to the effective date and does not exceed \$50,000.

(3) The authorization contained in this paragraph shall expire at the close of business on January 14, 1980.

(b) A bank subject to the jurisdiction of the United States as its own obligation may make payment to a person subject to the jurisdiction of the

United States who is the beneficiary of any letter of credit issued or confirmed by it, or on a draft accepted by it, prior to the effective date, where the letter of credit was issued or confirmed on behalf of Iran or an Iranian entity, *Provided*, That:

(1) Notwithstanding the provisions of § 535.902, no blocked account may at any time be debited in connection with such a payment.

(2) Such a payment shall give the bank making payment no special priority or other right to blocked accounts it holds in the event that such blocked accounts are vested or otherwise lawfully used in connection with a settlement of claims.

(3) Nothing in this paragraph prevents payment being made to the beneficiary of any draft or letter of credit or to any banking institution pursuant to § 535.904.

(c) The office will consider on a case-by-case basis, without any commitment on its part to authorize any transaction or class of transactions, applications for specific licenses to make payments from blocked accounts of documentary drafts drawn under irrevocable letters of credit issued or confirmed by a domestic bank prior to the effective date, in favor of any person subject to the jurisdiction of the United States. Any bank or payee submitting such an application should include data on all such letters of credit in which it is involved. Applications should be submitted not later than January 10, 1980.

(d) Paragraphs (a) and (b) of this section do not authorize any payment to Iran or an Iranian entity except payments into a blocked account in a domestic bank unless Iran or the Iranian entity is otherwise licensed to receive such payment.

[44 FR 75352, Dec. 19, 1979]

**§ 535.532 Completion of certain securities transactions.**

(a) Banking institutions within the United States are hereby authorized to complete, on or before November 21, 1979, purchases and sales made prior to the effective date of securities purchased or sold for the account of Iran

**§ 535.540**

**31 CFR Ch. V (7-1-02 Edition)**

or an Iranian entity provided the following terms and conditions are complied with, respectively.

(1) The proceeds of such sale are credited to a blocked account in a banking institution in the name of the person for whose account the sale was made; and

(2) The securities so purchased are held in a blocked account in a banking institution in the name of the person for whose account the purchase was made.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, 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 were held.

**§ 535.540 Disposition of certain tangible property.**

(a) Specific licenses may be issued in appropriate cases at the discretion of the Secretary of the Treasury for the public sale and transfer of certain tangible property that is encumbered or contested within the meaning of § 535.333 (b) and (c) and that, because it is blocked by § 535.201, may not be sold or transferred without a specific license, provided that each of the following conditions is met:

(1) The holder or supplier of the property has made a good faith effort over a reasonable period of time to obtain payment of any amounts owed by Iran or the Iranian entity, or adequate assurance of such payment;

(2) Neither payment nor adequate assurance of payment has been received;

(3) The license applicant has, under provisions of law applicable prior to November 14, 1979, a right to sell, or reclaim and sell, such property by methods not requiring judicial proceedings, and would be able to exercise such right under applicable law, but for the prohibitions in this part, and

(4) The license applicant shall enter into an indemnification agreement acceptable to the United States providing for the applicant to indemnify the United States, in an amount up to 150 percent of the proceeds of sale, for any monetary loss which may accrue to the

United States from a decision by the Iran-U.S. Claims Tribunal that the United States is liable to Iran for damages that are in any way attributable to the issuance of such license. In the event the applicant and those acting for or on its behalf are the only bidders on the property, the United States shall have the right to establish a reasonable indemnification amount.

(b) An applicant for a license under this section shall provide the Office of Foreign Assets Control with documentation on the points enumerated in paragraph (a) of this section. The applicant normally will be required to submit an opinion of legal counsel regarding the legal right claimed under paragraph (a)(3) of this section.

(c) Any sale of property licensed under this section shall be at public auction and shall be made in good faith in a commercially reasonable manner. Notwithstanding any provision of State law, the license applicant shall give detailed notice to the appropriate Iranian entity of the proposed sale or transfer at least 30 days prior to the sale or other transfer. In addition, if the license applicant has filed a claim with the Iran-U.S. Claims Tribunal, the license applicant shall give at least 30 days' advance notice of the sale to the Tribunal.

(d) The disposition of the proceeds of any sale licensed under this section, minus such reasonable costs of sale as are authorized by applicable law (which will be licensed to be deducted), shall be in accordance with either of the following methods:

(1) Deposit into a separate blocked, interest-bearing account at a domestic bank in the name of the licensed applicant; or

(2) Any reasonable disposition in accordance with provisions of law applicable prior to November 14, 1979, which may include unrestricted use of all or a portion of the proceeds, provided that the applicant shall post a bond or establish a standby letter of credit, subject to the prior approval of the Secretary of the Treasury, in favor of the United States in the amount of the proceeds of sale, prior to any such disposition.

(e) For purposes of this section, the term *proceeds* means any gross amount

of money or other value realized from the sale. The proceeds shall include any amount equal to any debt owed by Iran which may have constituted all or part of a successful bid at the licensed sale.

(f) The proceeds of any such sale shall be deemed to be property governed by § 535.215 of this part. Any part of the proceeds that constitutes Iranian property which under § 535.215 is to be transferred to Iran shall be so transferred in accordance with that section.

(g) Any license pursuant to this section may be granted subject to conditions deemed appropriate by the Secretary of the Treasury.

(h) Any person licensed pursuant to this section is required to submit a report to the Chief of Licensing, Office of Foreign Assets Control, within ten business days of the licensed sale or other transfer, providing a full accounting of the transaction, including the costs, any payment to lienholders or others, including payments to Iran or Iranian entities, and documentation concerning any blocked account established or payments made.

(Sec. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26605; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; and E.O. 12294, 46 FR 14111)

[47 FR 31683, July 22, 1982]

**§ 535.566 Unblocking of foreign currency deposits held by U.S.-owned or controlled foreign firms.**

Deposits held abroad in currencies other than U.S. dollars by branches and subsidiaries of persons subject to the jurisdiction of the United States are unblocked, provided however that conversions of blocked dollar deposits into foreign currencies are not authorized.

[44 FR 66833, Nov. 21, 1979]

**§ 535.567 Payment under advised letters of credit.**

(a) Specific licenses may be issued for presentation, acceptance, or payment of documentary drafts under a letter of credit opened by an Iranian entity and advised by a domestic bank or an Iranian bank subject to the jurisdiction of the United States, *provided*, That:

(1) The letter of credit was advised prior to the effective date;

(2) The property which is the subject of the payment under the letter of credit was not in the possession or control of the exporter on or after the effective date;

(3) The Beneficiary is a person subject to the jurisdiction of the United States.

(b) As a general matter, licenses will not be issued if the amount to be paid to a single payee exceeds \$500,000, or if hardship cannot be shown.

[44 FR 75354, Dec. 19, 1979]

**§ 535.568 Certain standby letters of credit and performance bonds.**

(a) Notwithstanding any other provision of law, payment into a blocked account in a domestic bank by an issuing or confirming bank under a standby letter of credit in favor of an Iranian entity is prohibited by § 535.201 and not authorized, notwithstanding the provisions of § 535.508, if either:

(1) A specific license has been issued pursuant to the provisions of paragraph (b) of this section, or

(2) Eight business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(b) Whenever an issuing or confirming bank shall receive such demand for payment under a standby letter of credit, it shall promptly notify the person for whose account the credit was opened. Such person may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Iranian entity in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the person for whose account the credit was opened may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank

shall not make payment under the standby letter of credit unless:

(1) Eight business days have expired since the bank has received notice of the removal of the injunction and;

(2) A specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Secretary may at any time require the payment of the amounts due under any letter of credit described in paragraph (a) of this section into a blocked account in a domestic bank or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes any person for whose account a standby letter of credit was opened or any other person from at any time contesting the legality of the demand from the Iranian entity or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties of the instruments covered by this section if the instruments and payment thereunder are subsequently unblocked.

(g) For the purposes of this section, the term *standby letter of credit* shall mean a letter of credit securing performance of, or repayment of, any advance payments of deposits, under a contract with Iran or an Iranian entity, or any similar obligation in the nature of a performance bond.

(h) The regulations do not authorize any person subject to the jurisdiction of the United States to reimburse a non-U.S. bank for payment to Iran or an Iranian entity under a standby letter of credit, except by payment into a blocked account in accordance with § 535.508 or paragraph (b) or (c) of this section.

(i) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within five business days after receipt of that license that it has established the blocked account on its books as provided for in those paragraphs. However, in appropriate cases, this time may be extended upon application to the Office of Foreign Assets Control when the ac-

count party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(j) The extension or renewal of a standby letter of credit is authorized.

(k) All specific licenses previously issued under this section to account parties to standby letters of credit are revoked, effective February 28, 1991, unless the license holder submits documentation to the Office of Foreign Assets Control establishing that the specific license pertains to a standby letter of credit obligation that (1) is at issue in any claim brought before the Iran-United States Claims Tribunal ("Tribunal"), (2) is or was at issue in any claim that the Tribunal resolves, or has resolved, on the merits in favor of the account party, or (3) was at issue in a matter that was settled by the parties. The documentation required for such a showing may include such items as a copy of a Tribunal Award, a copy of a signed settlement agreement, or copies of cover pages of recent filings in pending Tribunal cases.

[47 FR 12339, Mar. 23, 1982, as amended at 56 FR 6546, Feb. 15, 1991]

**§ 535.569 Licensed letter of credit transactions; forwarding of documents.**

When payment of a letter of credit issued, advised, or confirmed by a bank subject to the jurisdiction of the United States is authorized by either general or specific license, the forwarding of the letter of credit documents to the account party is authorized.

[45 FR 1877, Jan. 9, 1980]

**§ 535.576 Payment of non-dollar letters of credit to Iran.**

Notwithstanding the prohibitions of §§ 535.201 and 535.206(a)(4), payment of existing non-dollar letters of credit in favor of Iranian entities or any person in Iran by any foreign branch or subsidiary of a U.S. firm is authorized, provided that the credit was opened prior to the respective effective date.

[45 FR 29288, May 2, 1980]

**§ 535.579 Authorization of new transactions concerning certain Iranian property.**

(a) Transactions involving property in which Iran or an Iranian entity has an interest are authorized where:

(1) The property comes within the jurisdiction of the United States or into the control or possession of any person subject to the jurisdiction of the United States after January 19, 1981, or

(2) The interest in the property of Iran or an Iranian entity (e.g. exports consigned to Iran or an Iranian entity) arises after January 19, 1981.

(b) Transactions involving standby letters of credit, performance or payment bonds and similar obligations, entered into prior to January 20, 1981, described in § 535.568 remain subject to the prohibitions and procedures contained in §§ 535.201 and 535.568.

(c) Property not blocked under § 535.201 as of January 19, 1981, in which the Government of Iran or an Iranian entity has an interest, which after that date is or becomes subject to the jurisdiction of the United States or comes within the control or possession of a person subject to the jurisdiction of the United States for the express purpose of settling claims against Iran or Iranian entities, is excluded from any authorization in this part for any attachment, injunction or other order of similar or analogous effect and any such attachment, injunction or order is prohibited by §§ 535.201 and 535.203.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

**§ 535.580 Necessary living expenses of relatives of the former Shah of Iran.**

The transfer, payment or withdrawal of property described in § 535.217 is authorized to the extent necessary to pay living expenses of any individual listed in that section. Living expenses for this purpose shall include food, hous-

ing, transportation, security and other personal expenses.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12211, 45 FR 26685; E.O. 12284, 46 FR 7929)

[46 FR 14330, Feb. 26, 1981]

**Subpart F—Reports****§ 535.601 Records and reports.**

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

[62 FR 45107, Aug. 25, 1997]

**Subpart G—Penalties****§ 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 adjusted 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

**§ 535.702**

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.

(d) 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.

[44 FR 65956, Nov. 15, 1979, as amended at 61 FR 43461, Aug. 23, 1996; 61 FR 54938, Oct. 23, 1996; 62 FR 45107, Aug. 25, 1997]

**§ 535.702 Prepenalty notice.**

(a) *When required.* If the Director of the Office of Foreign Assets Control (hereinafter "Director") 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 penalty. 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:

- (i) Describe the violation.
- (ii) Specify the laws and regulations allegedly violated.
- (iii) State the amount of the proposed monetary penalty.

**31 CFR Ch. V (7-1-02 Edition)**

(2) *Right to make presentations.* The prepenalty notice also shall inform the person of his right to make a written presentation within thirty (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.

[53 FR 7356, Mar. 8, 1988]

**§ 535.703 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.

[53 FR 7356, Mar. 8, 1988]

**§ 535.704 Penalty notice.**

(a) *No violation.* If, after considering any presentations made in response to the prepenalty notice, 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 that 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.

[53 FR 7356, Mar. 8, 1988]

**§ 535.705 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 thirty 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.

[53 FR 7356, Mar. 8, 1988]

### Subpart H—Procedures

#### § 535.801 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 subpart D of part 501 of this chapter.

[62 FR 45107, Aug. 25, 1997]

### Subpart I—Miscellaneous Provisions

#### § 535.901 Dollar accounts at banks abroad.

Any domestic bank is hereby authorized to effect withdrawals or other transfers from any account held in the name of a non-Iranian bank located in a foreign country, provided such non-Iranian foreign bank is not a person subject to the jurisdiction of the United States.

#### § 535.902 Set-offs by U.S. owned or controlled firms abroad.

(a) Branches and subsidiaries in foreign countries of persons subject to the jurisdiction of the United States are licensed to set-off their claims against Iran or Iranian entities by debit to blocked accounts held by them for Iran or Iranian entities.

(b) The general license in paragraph (a) of this section is revoked as of January 19, 1981.

(c) For purposes of this section, set-offs include combinations of accounts and any similar actions.

(Secs. 201–207, 91 Stat. 1626, 50 U.S.C. 1701–1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14337, Feb. 26, 1981]

#### § 535.904 Payment by Iranian entities of obligations to persons within the United States.

The transfer of funds after the effective date by, through or to any U.S. banking institution or other person within the United States solely for purposes of payment of obligations by Iranian entities owed to persons within the United States is authorized: *Provided*, That there is no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

[44 FR 66591, Nov. 20, 1979]

#### § 535.905 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 45107, Aug. 25, 1997]

## PART 536—NARCOTICS TRAFFICKING SANCTIONS REGULATIONS

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

Sec.

536.101 Relation of this part to other laws and regulations.

## § 536.101

### Subpart B—Prohibitions

- 536.201 Prohibited transactions involving blocked property.
- 536.202 Effect of transfers violating the provisions of this part.
- 536.203 Holding of certain types of blocked property in interest-bearing accounts.
- 536.204 Evasions; attempts; conspiracies.
- 536.205 Exempt transactions.

### Subpart C—General Definitions

- 536.301 Blocked account; blocked property.
- 536.302 Effective date.
- 536.303 Entity.
- 536.304 Foreign person.
- 536.305 General license.
- 536.306 Information and informational materials.
- 536.307 Interest.
- 536.308 License.
- 536.309 Person.
- 536.310 Property; property interest.
- 536.311 Narcotics trafficking.
- 536.312 Specially designated narcotics trafficker.
- 536.313 Specific license.
- 536.314 Transfer.
- 536.315 United States.
- 536.316 United States person; U.S. person.
- 536.317 U.S. financial institution.

### Subpart D—Interpretations

- 536.401 Reference to amended sections.
- 536.402 Effect of amendment.
- 536.403 Termination and acquisition of an interest in blocked property.
- 536.404 Setoffs prohibited.
- 536.405 Transactions incidental to a licensed transaction.
- 536.406 Provision of services.
- 536.407 Offshore transactions.
- 536.408 Alleged change in ownership or control of an entity designated as a specially designated narcotics trafficker.
- 536.409 Credit extended and cards issued by U.S. financial institutions.

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

- 536.501 Effect of license or authorization.
- 536.502 Exclusion from licenses and authorizations.
- 536.503 Payments and transfers to blocked accounts in U.S. financial institutions.
- 536.504 Investment and reinvestment of certain funds.
- 536.505 Entries in certain accounts for normal service charges authorized.
- 536.506 Provision of certain legal services authorized.
- 536.507 Authorization of emergency medical services.

## 31 CFR Ch. V (7–1–02 Edition)

### Subpart F—Reports

- 536.601 Records and reports.

### Subpart G—Penalties

- 536.701 Penalties.
- 536.702 Prepenalty notice.
- 536.703 Response to prepenalty notice.
- 536.704 Penalty notice.
- 536.705 Administrative collection; referral to United States Department of Justice.

### Subpart H—Procedures

- 536.801 Procedures.
- 536.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

- 536.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1641, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12978, 60 FR 54579, 3 CFR, 1995 Comp., p. 415.

SOURCE: 62 FR 9960, Mar. 5, 1997, unless otherwise noted.

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

### § 536.101 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. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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 complying with any other applicable laws or regulations.

[62 FR 9960, Mar. 5, 1997, as amended at 62 FR 45107, Aug. 25, 1997]

**Subpart B—Prohibitions****§ 536.201 Prohibited transactions involving blocked property.**

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, no property or interests in property of a specially designated narcotics trafficker 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) 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.

[62 FR 9960, Mar. 5, 1997, as amended at 62 FR 45107, Aug. 25, 1997]

**§ 536.202 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, order, directive, ruling, instruction, license, or other authorization hereunder and involves any property held in the name of a specially designated narcotics trafficker or in which a specially designated narcotics trafficker 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 held in the name of a specially designated narcotics trafficker or in which a specially designated narcotics trafficker has an interest, or has had an interest since such date, unless the person with whom such property is held or main-

tained, 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, this part, and any regulation, order, directive, ruling, instruction, or license 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) 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 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

## § 536.203

(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.

NOTE TO PARAGRAPH (d)(3): The filing of a report in accordance with the provisions of this paragraph (d)(3) 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 which, on or since the effective date, was held in the name of a specially designated narcotics trafficker or in which there existed an interest of a specially designated narcotics trafficker.

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

(a)(1) Any person, including a U.S. financial institution, currently holding property subject to § 536.201 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 (*e.g.*, § 536.504), shall 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.

(2) The requirement set forth in paragraph (a)(1) of this section shall apply to currency, bank deposits, accounts, obligations, and any other financial or economic resources or 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

## 31 CFR Ch. V (7-1-02 Edition)

specially designated narcotics trafficker having an interest in the accounts. If the account is held in the name of a specially designated narcotics trafficker, the name of the account to which interest is credited must be the same.

(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.

### § 536.204 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 part, 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.

### § 536.205 Exempt transactions.

(a) *Personal communications.* The prohibitions contained in this part do not apply to any postal, telegraphic, telephonic, or other personal communication, which does not involve the transfer of anything of value.

(b) *Information and informational materials.* (1) The importation from any country and the exportation to any country of information or informational materials as defined in § 536.306, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part.

(2) This section does not authorize transactions related to information and informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services by a U.S. person. Such prohibited transactions include, without limitation, payment of advances for informational materials not yet created and completed, provision of services to market, produce or co-produce, create or assist in the creation of information and informational materials, and payment of royalties to a specially designated narcotics trafficker with respect to income received for enhancements or alterations made by U.S. persons to information or informational materials imported from a specially designated narcotics trafficker.

(3) This section does not authorize transactions incident to the exportation of technology that is not informational material as defined in § 536.306(b)(1) or incident to the exportation of goods for use in the transmission of any information.

(c) *Travel.* The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including non-scheduled air, sea, or land voyages. Any transactions entered into by a specially designated narcotics trafficker while traveling in the United States that are outside the scope of those set forth in this paragraph are in violation of § 536.201.

### Subpart C—General Definitions

#### § 536.301 Blocked account; blocked property.

The terms *blocked account* and *blocked property* shall mean any account or property subject to the prohibition in § 536.201 held in the name of a specially designated narcotics trafficker or in which a specially designated narcotics

trafficker 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 the Office of Foreign Assets Control authorizing such action.

#### § 536.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part which is 12:01 a.m. EDT, October 22, 1995, or, in the case of specially designated narcotics traffickers designated after that date, the earlier of the date on which a person receives actual or constructive notice of such designation.

#### § 536.303 Entity.

The term *entity* means a partnership, association, corporation, or other organization, group or subgroup.

#### § 536.304 Foreign person.

The term *foreign person* means any citizen or national of a foreign state (including any such individual who is also a citizen or national of the United States), or any entity not organized solely under the laws of the United States or existing solely in the United States, but does not include a foreign state.

#### § 536.305 General license.

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

#### § 536.306 Information and informational materials.

(a) For purposes of this part, the term *information and informational materials* means:

(1) Publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds, and other information and informational articles.

(2) To be considered informational materials, artworks must be classified under chapter subheading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

### § 536.307

(b) The terms *information* and *informational materials* with respect to U.S. exports do not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420 (the "EAA"), or section 6 of the EAA to the extent that such controls promote nonproliferation or antiterrorism policies of the United States, including *software* as defined in 15 CFR part 772 that is not *publicly available* (see 15 CFR parts 734 and 772); or

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

### § 536.307 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.

### § 536.308 License.

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

### § 536.309 Person.

The term *person* means an individual or entity.

### § 536.310 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, guarantees, 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, royal-

### 31 CFR Ch. V (7-1-02 Edition)

ties, 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.

### § 536.311 Narcotics trafficking.

The term *narcotics trafficking* means any activity undertaken illicitly to cultivate, produce, manufacture, distribute, sell, finance or transport, or otherwise assist, abet, conspire, or collude with others in illicit activities relating to narcotic drugs, including, but not limited to, cocaine.

### § 536.312 Specially designated narcotics trafficker.

The term *specially designated narcotics trafficker* means:

(a) Persons listed in the annex to Executive Order 12978 (3 CFR, 1995 Comp., p.415);

(b) Foreign persons designated by the Secretary of Treasury, in consultation with the Attorney General and the Secretary of State, because they are found:

(1) To play a significant role in international narcotics trafficking centered in Colombia; or

(2) Materially to assist in, or provide financial or technological support for or goods or services in support of, the narcotics trafficking activities of specially designated narcotics traffickers; and

(c) Persons determined by the Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, to be owned or controlled by, or to act for or on behalf of, any other specially designated narcotics trafficker.

NOTE TO § 536.312: Please refer to the appendices at the end of this chapter for listings of persons determined to fall within this definition who 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 who wish to assert

that the circumstances resulting in the designation are no longer applicable.

[62 FR 9960, Mar. 5, 1997, as amended at 62 FR 45107, Aug. 25, 1997]

**§ 536.313 Specific license.**

The term *specific license* means any license or authorization not set forth in this part but issued pursuant to this part.

**§ 536.314 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

**§ 536.315 United States.**

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

**§ 536.316 United States person; U.S. person.**

The term *United States person* or *U.S. person* means any United States citizen

or national; permanent resident alien; entity 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.

**§ 536.317 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.

**Subpart D—Interpretations**

**§ 536.401 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.

**§ 536.402 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

### § 536.403

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.

### § 536.403 Termination and acquisition of an interest in blocked property.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a specially designated narcotics trafficker, such property shall no longer be deemed to be property in which a specially designated narcotics trafficker has or has had an interest, or which is held in the name of a specially designated narcotics trafficker, unless there exists in the property another interest of a specially designated narcotics trafficker, 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 a specially designated narcotics trafficker, such property shall be deemed to be property in which there exists an interest of the specially designated narcotics trafficker.

### § 536.404 Setoffs prohibited.

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 536.201 if effected after the effective date.

### § 536.405 Transactions incidental to a licensed transaction.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except a transaction by an unlicensed, specially designated narcotics trafficker or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license.

### 31 CFR Ch. V (7-1-02 Edition)

### § 536.406 Provision of services.

(a) Except as provided in § 536.205, the prohibitions contained in § 536.201 apply to services performed by U.S. persons, wherever located:

(1) On behalf of, or for the benefit of, a specially designated narcotics trafficker; or

(2) With respect to property interests of a specially designated narcotics trafficker.

(b) *Example:* U.S. persons may not, except as authorized by the Office of Foreign Assets Control by or pursuant to this part, provide legal, accounting, financial, brokering, freight forwarding, transportation, public relations, educational, or other services to a specially designated narcotics trafficker. See § 536.506, with respect to certain authorized legal services.

### § 536.407 Offshore transactions.

The prohibitions contained in § 536.201 apply to transactions by U.S. persons in locations outside the United States with respect to property which the U.S. person knows, or has reason to know, is held in the name of a specially designated narcotics trafficker, or in which the U.S. person knows, or has reason to know, a specially designated narcotics trafficker has or has had an interest since the effective date.

### § 536.408 Alleged change in ownership or control of an entity designated as a specially designated narcotics trafficker.

(a) A change or alleged change in ownership or control of an entity designated as a specially designated narcotics trafficker shall not be the basis for removal of that entity from the list of specially designated narcotics traffickers unless, upon investigation by the Office of Foreign Assets Control and submission of evidence by the entity, it is demonstrated to the satisfaction of the Director of the Office of Foreign Assets Control that the transfer to a bona fide purchaser at arm's length is legitimate and that the entity no longer meets the criteria for designation under § 536.312. Evidence submitted must conclusively demonstrate that all ties with other specially designated narcotics traffickers have been completely severed, and may include,



but is not limited to, articles of incorporation; identification of new directors, officers, shareholders, and sources of capital; and contracts evidencing the sale of the entity to its new owners.

(b) Any continuing substantial financial obligations on the part of the new owners to any specially designated narcotics traffickers, including long-term payment plans, leases, or rents, will be considered as evidence of continuing control of the entity by the specially designated narcotics trafficker. Purchase of a designated entity without ongoing substantial financial obligations to a specially designated narcotics trafficker may nonetheless be a basis for subsequent designation of the purchaser, if the transaction is determined materially to assist in or provide financial support for the narcotics trafficking activities of specially designated narcotics traffickers for purposes of § 536.312(b)(2). For example, any acquisition transaction resulting in a direct cash transfer to or other enrichment of a specially designated narcotics trafficker could lead to designation of the purchaser. Mere change in name of an entity will not be considered as constituting a change of the entity's status.

**§ 536.409 Credit extended and cards issued by U.S. financial institutions.**

The prohibition in § 536.201 on dealing in property in which a specially designated narcotics trafficker has an interest prohibits U.S. financial institutions from performing under any existing credit agreements, including, but not limited to, charge cards, debit cards, or other credit facilities issued by a U.S. financial institution to a person designated under this part.

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

**§ 536.501 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, un-

less 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 this part 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.

**§ 536.502 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.

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

(a) Any payment of funds or transfer of credit or other financial or economic resources or assets into a blocked account in a U.S. financial institution is authorized, provided that a transfer from a blocked account pursuant to this authorization may only be made to another blocked account held in the same name on the books of the same U.S. financial institution.

**§ 536.504**

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

NOTE TO § 536.503: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[62 FR 9960, Mar. 5, 1997, as amended at 62 FR 45107, Aug. 25, 1997]

**§ 536.504 Investment and reinvestment of certain funds.**

(a) U.S. financial institutions are hereby authorized and directed to invest and reinvest assets held in blocked accounts in the name of a specially designated narcotics trafficker, subject to the following conditions:

(1) The assets representing such investments and reinvestments are credited to a blocked account or sub-account which is in the name of the specially designated narcotics trafficker and which is located in the United States or within the possession or control of a U.S. person; and

(2) The proceeds of such investments and reinvestments are not credited 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 funds or securities were held; and

(3) No immediate financial or economic benefit or access accrues (*e.g.*, through pledging or other use) to the specially designated narcotics trafficker.

(b)(1) U.S. persons seeking to avail themselves of this authorization must register with the Office of Foreign Assets Control, Blocked Assets Division, before undertaking transactions authorized under this section.

(2) Transactions conducted pursuant to this section must be reported to the Office of Foreign Assets Control, Blocked Assets Division, in a report filed no later than 10 business days following the last business day of the month in which the transactions occurred.

**§ 536.505 Entries in certain accounts for normal service charges authorized.**

(a) U.S. financial institutions are hereby authorized to debit any blocked

**31 CFR Ch. V (7-1-02 Edition)**

account with such U.S. financial institution in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account.

(b) As used in this section, the term *normal service charge* shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photostats, credit reports, transcripts of statements, registered mail, insurance, stationery and supplies, check books, and other similar items.

**§ 536.506 Provision of certain legal services authorized.**

(a) The provision to or on behalf of a specially designated narcotics trafficker of the legal services set forth in paragraph (b) of this section is authorized, provided that all receipt of payment therefor must be specifically licensed.

(b) Specific licenses may be issued, on a case-by-case basis, authorizing receipt of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to a specially designated narcotics trafficker:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling is not provided to facilitate transactions that would violate any of the prohibitions contained in this part;

(2) Representation of a specially designated narcotics trafficker when named as a defendant in or otherwise made a party to domestic United States legal, arbitration, or administrative proceedings;

(3) Initiation of domestic United States legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction of a specially designated narcotics trafficker;

(4) Representation before any federal or state agency with respect to the imposition, administration, or enforcement of United States sanctions against significant narcotics traffickers centered in Colombia or specially designated narcotics traffickers; and

(5) Provision of legal services in any other context in which prevailing United States law requires access to legal counsel at public expense.

(c) The provision of any other legal services to a specially designated narcotics trafficker, not otherwise authorized in or exempted by this part, requires the issuance of a specific license.

(d) Entry into a settlement agreement affecting property or interests in property of a specially designated narcotics trafficker or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment or other judicial process purporting to transfer or otherwise alter or affect a property interest of a specially designated narcotics trafficker is prohibited unless specifically licensed in accordance with § 536.202(e).

**§ 536.507 Authorization of emergency medical services.**

The provision of nonscheduled emergency medical services to a specially designated narcotics trafficker located in the United States is authorized, provided that any payment for such services requires prior authorization by specific license.

**Subpart F—Reports**

**§ 536.601 Records and reports.**

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

[62 FR 45107, Aug. 25, 1997]

**Subpart G—Penalties**

**§ 536.701 Penalties.**

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705 — the “Act”), 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 adjusted pursuant to 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 statements or representations 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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

**§ 536.702 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

### § 536.703

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 penalty. The prepenalty notice may 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 respond*. The prepenalty notice also shall inform the respondent of respondent's right to respond to the notice within 30 days of its mailing as to why a monetary penalty should not be imposed, or, if imposed, why it should be in a lesser amount than proposed.

### § 536.703 Response to prepenalty notice.

(a) *Time within which to respond*. The respondent shall have 30 days from the date of mailing of the prepenalty notice to respond in writing to the Director of the Office of Foreign Assets Control.

(b) *Form and contents of written response*. The written response 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 respond 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.

(c) *Informal settlement*. In addition or as an alternative to a written response to a prepenalty notice pursuant to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. In the event of settlement at the prepenalty stage, the prepenalty notice will be withdrawn, the respondent is not required to take a written position on allegations contained in the

### 31 CFR Ch. V (7-1-02 Edition)

prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30-day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

### § 536.704 Penalty notice.

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

(b) *Violation*. If, after considering any written response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director promptly shall issue a written notice of the imposition of the monetary penalty or other available disposition on the respondent.

### § 536.705 Administrative collection; referral to United States Department of Justice.

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the mailing of the written notice of the imposition of the penalty, the matter may be referred for administrative collection measures or 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****§ 536.801 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 subpart D of part 501 of this chapter.

[62 FR 45107, Aug. 25, 1997]

**§ 536.802 Delegation by the Secretary of the Treasury.**

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 12978 or any further executive orders relating to the national emergency declared in Executive Order 12978 may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

[62 FR 9960, Mar. 5, 1997. Redesignated at 62 FR 45108, Aug. 25, 1997]

**Subpart I—Paperwork Reduction Act****§ 536.901 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 45108, Aug. 25, 1997]

**PART 537—BURMESE SANCTIONS REGULATIONS****Subpart A—Relation of This Part to Other Laws and Regulations**

Sec.

537.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

537.201 Prohibited new investment by U.S. persons.

537.202 Prohibited approval or other facilitation by a U.S. person of a foreign person's investment.

537.203 Evasions; attempts; conspiracies.

537.204 Exempt transactions.

**Subpart C—General Definitions**

537.301 Economic development of resources located in Burma.

537.302 Effective date.

537.303 Entity.

537.304 Foreign person.

537.305 General license.

537.306 Government of Burma.

537.307 License.

537.308 New investment.

537.309 Nongovernmental entity in Burma.

537.310 Person.

537.311 Resources located in Burma.

537.312 Specific license.

537.313 United States.

537.314 United States person; U.S. person.

**Subpart D—Interpretations**

537.401 Reference to amended sections.

537.402 Effect of amendment.

537.403 Economic development of resources located in Burma.

537.404 Purchase of shares in economic development projects in Burma.

537.405 Investments in entities involved in economic development projects in Burma.

537.406 General supervision and guarantee.

537.407 Activities under pre-May 21, 1997 agreements.

537.408 Sale or purchase of goods, services or technology.

537.409 Approval or other facilitation of a foreign person's investment.

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

537.501 General and specific licensing procedures.

537.502 Effect of license or authorization.

537.503 Exclusion from licenses and authorizations.

537.504 Divestiture of U.S. person's equity investment in Burma.

**Subpart F—Reports**

537.601 Recordkeeping and reporting requirements.

**Subpart G—Penalties**

537.701 Penalties.

537.702 Prepenalty notice.

## § 537.101

- 537.703 Response to prepenalty notice; informal settlement.  
537.704 Penalty imposition or withdrawal.  
537.705 Administrative collection action; referral to United States Department of Justice.

### Subpart H—Procedures

- 537.801 Procedures.  
537.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

- 537.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; sec 570, Pub. L. 104–208, 110 stat. 3009–166; E.O. 13047, 61 FR 28301, 3 CFR, Comp., p. 202.

SOURCE: 63 FR 27847, May 21, 1998, unless otherwise noted.

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

#### § 537.101 Relation of this part to other laws and regulations.

(a) This part is separate from, and independent of, the other parts of this chapter. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. No license or authorization contained in or issued pursuant to those other parts 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 complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 537.201 Prohibited new investment by U.S. persons.

Except to the extent provided in regulations, orders, directives, or licenses that may be issued in conformity with section 570 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997 (Public Law 104–208)(the “Act”), new investment in Burma by United States persons is prohibited.

NOTE TO § 537.201: Section 570 of the Act provides that the prohibition contained in this section may be waived, temporarily or permanently, by the President if he deter-

## 31 CFR Ch. V (7–1–02 Edition)

mines and certifies to Congress that the application of this sanction would be contrary to the national interests of the United States. Licenses are thus not available for purposes of authorizing transactions prohibited under this section in the absence of such a waiver determination and certification to Congress.

#### § 537.202 Prohibited approval or other facilitation by a U.S. person of a foreign person’s investment.

Except to the extent provided in regulations, orders, directives, or licenses that may be issued pursuant to this part, any approval or other facilitation by a United States person, wherever located, of a transaction by a foreign person where the transaction would constitute prohibited new investment in Burma under this part if engaged in by a United States person or within the United States is prohibited.

#### § 537.203 Evasions; attempts; conspiracies.

Except to the extent provided in regulations, orders, directives, or licenses that may be issued pursuant to this part, any transaction by a United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this part is prohibited.

#### § 537.204 Exempt transactions.

Nothing in this part shall be construed to prohibit the entry into, performance of, or financing of a contract to sell or purchase goods, services, or technology, except:

(a) Where the entry into such a contract on or after the effective date is for the general supervision and guarantee of another person’s performance of a contract for the economic development of resources located in Burma; or

(b) Where such contract provides for payment, in whole or in part, in:

(1) Shares of ownership, including an equity interest, in the economic development of resources located in Burma; or

(2) Participation in royalties, earnings, or profits in the economic development of resources located in Burma.

NOTE TO § 537.204: The term *economic development of resources located in Burma* is defined

in § 537.301 to exclude not-for-profit educational, health or other humanitarian programs or activities.

### Subpart C—General Definitions

#### § 537.301 Economic development of resources located in Burma.

The term *economic development of resources located in Burma* shall not be construed to include not-for-profit educational, health, or other humanitarian programs or activities.

#### § 537.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part which is 12:01 a.m. EDT, May 21, 1997.

#### § 537.303 Entity.

The term *entity* means a partnership, association, trust, joint venture, corporation, or other organization.

#### § 537.304 Foreign person.

The term *foreign person* means any citizen or national of a foreign state or any entity not organized under the laws of the United States.

#### § 537.305 General license.

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

#### § 537.306 Government of Burma.

The term *Government of Burma* includes:

- (a) The state and the Government of Burma, as well as any political subdivision, agency, or instrumentality thereof;
- (b) Any entity owned or controlled directly or indirectly by the foregoing.

#### § 537.307 License.

Except as otherwise specified, the term *license* means any license or authorization contained in this part, or issued pursuant to the authority of this part under procedures set forth in this part or in subpart C of part 501 of this chapter.

#### § 537.308 New investment.

The term *new investment* means any of the following activities, if such an

activity is undertaken pursuant to an agreement, or pursuant to the exercise of rights under such an agreement, that is entered into with the Government of Burma or a nongovernmental entity in Burma on or after the effective date:

(a) The entry into a contract that includes the economic development of resources located in Burma;

(b) The entry into a contract providing for the general supervision and guarantee of another person's performance of a contract that includes the economic development of resources located in Burma;

(c) The purchase of a share of ownership, including an equity interest, in the economic development of resources located in Burma; or

(d) The entry into a contract providing for the participation in royalties, earnings, or profits in the economic development of resources located in Burma, without regard to the form of the participation.

#### § 537.309 Nongovernmental entity in Burma.

The term *nongovernmental entity in Burma* means a partnership, association, trust, joint venture, corporation, or other organization, wheresoever organized, that is located in Burma or exists for the exclusive or predominant purpose of engaging in the economic development of resources located in Burma or derives its income predominantly from such economic development, and is not the Government of Burma.

#### § 537.310 Person.

The term *person* means an individual or entity.

#### § 537.311 Resources located in Burma.

The term *resources located in Burma* means any resources, including natural, agricultural, commercial, financial, industrial and human resources, located within the territory of Burma, including the territorial sea, or located within the exclusive economic zone or continental shelf of Burma.

#### § 537.312 Specific license.

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

**§ 537.313**

this part but issued pursuant to the authority of this part.

**§ 537.313 United States.**

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

**§ 537.314 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 (including foreign branches), or any person in the United States.

**Subpart D—Interpretations**

**§ 537.401 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.

**§ 537.402 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.

**§ 537.403 Economic development of resources located in Burma.**

The term *economic development of resources located in Burma* refers to activities pursuant to a contract the subject of which includes responsibility for the development or exploitation of resources located in Burma, including

**31 CFR Ch. V (7–1–02 Edition)**

making or attempting to make those resources accessible or available for exploitation or economic use. Examples include contracts conferring rights to explore for, develop, extract, or refine petroleum, natural gas, or minerals in the ground in Burma; contracts to take over a mining operation in Burma; acquire a forest or agricultural area and exploit the timber or other crops; or acquire land and construct and run a hotel or factory on it. The term *economic development of resources located in Burma* is defined in § 537.301 specifically to exclude contracts for not-for-profit educational, health or other humanitarian programs or activities. See also § 537.204 for the exception that applies to the entry into, performance of, or financing of a contract to sell or purchase goods, services or technology.

**§ 537.404 Purchase of shares in economic development projects in Burma.**

The purchase of shares, including an equity interest, in the economic development of resources located in Burma, is prohibited when those shares are purchased after the effective date directly or indirectly from the Government of Burma or a nongovernmental entity in Burma, unless purchased pursuant to an agreement entered into prior to May 21, 1997. U.S. persons may purchase debt instruments issued by the Government of Burma or a nongovernmental entity in Burma, directly or indirectly, provided that such instruments are not convertible into equity, and do not provide for participation, including as collateral or security, in royalties, earnings, or profits in the economic development of resources located in Burma.

**§ 537.405 Investments in entities involved in economic development projects in Burma.**

(a) The purchase of shares in a third-country company that is engaged in the economic development of resources located in Burma is prohibited by § 537.201 where the company's profits are predominantly derived from the company's economic development of resources located in Burma.



(b) If a U.S. person holds shares in an entity which subsequently engages exclusively or predominantly in the economic development of resources located in Burma or subsequently derives its income exclusively or predominantly from such economic development, the United States person is not required to relinquish its shares, but may not purchase additional shares. Divestment of the shares in such an entity to a foreign person — constituting the facilitation of that foreign person's investment in Burma — is authorized under general license pursuant to § 537.504.

**§ 537.406 General supervision and guarantee.**

Section 537.201 prohibits the entry by a U.S. person into a contract providing for the general supervision and guarantee of another person's performance of a contract that includes the economic development of resources located in Burma, if the U.S. person's contract is entered into on or after the effective date, unless undertaken pursuant to, or in exercise of rights under, a pre-effective date agreement. For the purposes of § 537.201, only the entry into contracts for supervision and guarantee at the top level of project management, such as entry into a contract with a development project's sponsor or owner to become a prime contractor or general manager for a development project, will be considered new investment in Burma. By contrast, subcontracts to provide goods, services, or technology to a prime contractor or general manager of a development project are exempt from the prohibitions of this part pursuant to § 537.204 unless:

(a) The functional scope of the subcontractor's obligations is substantially similar to that of a prime contractor's or general manager's obligations; or

(b) The consideration for such subcontracts includes a share of ownership in, or participation in the royalties, earnings or profits of, the economic development of resources located in Burma.

**§ 537.407 Activities under pre-May 21, 1997 agreements.**

(a) Activities undertaken by a U.S. person pursuant to an agreement entered into prior to May 21, 1997, between the U.S. person and the Government of Burma or a nongovernmental entity in Burma are not prohibited new investments, as defined in § 537.308.

(b) A U.S. person who is a party to a pre-effective date agreement for the development of economic resources located in Burma may enter into subsequent agreements with foreign persons where such agreements are pursuant to, or in exercise of rights under, the pre-effective date agreement. The facilitation of foreign persons' investment in Burma under these circumstances is authorized pursuant to the general license contained in § 537.504.

(c) A U.S. person may not enter into a contract for the economic development of resources located in Burma after May 21, 1997, if pursuant to, or in exercise of rights under, a pre-effective date agreement, unless the contractual arrangement is specifically contemplated in the pre-effective date agreement.

(d) The exercise of rights under pre-effective date agreements may include the exercise of options to extend the contract, depending on such factors as the degree of specificity with which the option to extend is described in the pre-effective date agreement, and the degree to which the party wishing to renew can enforce its decision to exercise the option.

**§ 537.408 Sale or purchase of goods, services or technology.**

(a) Section 537.204 exempts from any prohibition under this part the entry into, performance of, or financing of a contract to sell or purchase goods, services, or technology, except:

(1) Where the entry into a contract on or after the effective date is for the general supervision and guarantee of another person's performance of a contract for the economic development of resources located in Burma; or

(2) Where such contract provides for payment, in whole or in part, in:

(i) Shares of ownership, including an equity interest, in the economic development of resources located in Burma; or

(ii) Participation in royalties, earnings, or profits in the economic development of resources located in Burma.

(b) *Examples:* The following examples are based upon the assumption that neither § 537.204(a) nor § 537.204(b) applies.

(1) A U.S. person may market goods or services in Burma through a sales representative or sales agent, or through a U.S. person or subsidiary established and operating in Burma before May 21, 1997, or through any established foreign (including Burmese) distributorship. The U.S. person may not, however, establish and operate a new business, branch, office or showroom in Burma to market such goods or services or facilitate the establishment of a new foreign entity to do so. This would constitute the development of a commercial resource.

(2) A U.S. person may rent, lease or purchase space in existing buildings in connection with the continued operation of a business in operation prior to the effective date. It may change locations, modify and renovate existing space and upgrade machinery or equipment. Unless pursuant to a pre-effective date agreement or the exercise of specific rights under such agreement, however, the U.S. person may not expand its business operations by opening additional stores, branches, offices or showrooms beyond the number that were in existence immediately prior to May 21, 1997. The U.S. person may not construct a new commercial building to house its business as this would constitute the economic development of land and commercial resources in Burma.

(3) A U.S. person involved in exempt activities may hire and train Burmese employees to carry out such activities. The employment of personnel in Burma under these circumstances is considered the purchase of employment services which is exempt from prohibition under § 537.204. Any training incidental to the performance of the employee's services is likewise exempt. For example, a U.S. person engaged in the sale of copy machines may hire and train a

Burmese employee to carry out activities pursuant to such sales, including office support personnel, personnel to provide after-sale service and maintenance in accordance with the terms of a purchase or lease agreement, sales representatives and supervisory personnel. A U.S. person may not, however, open a business after the effective date, the purpose of which is the sale of vocational skills training in the maintenance of copy machines, as this would constitute the economic development of human resources in Burma.

(4) Contracts for the purchase or sale of services incident to the registration and renewal of patents, trademarks and copyrights are not prohibited by this part.

(5) A U.S. bank is allowed to provide trade financing as a service either to the Government of Burma or to non-governmental entities in Burma, but cannot provide them loans earmarked for economic development of resources in Burma if loan repayment is secured by the project. A U.S. bank can provide development project financing as a service, so long as the financing instruments are not convertible into equity, and do not provide for participation, including as collateral or security, in royalties, earnings, or profits in the economic development of resources located in Burma.

**§ 537.409 Approval or other facilitation of a foreign person's investment.**

(a) The prohibition contained in § 537.202 against approval or other facilitation of a foreign person's investment in Burma bars any action by a U.S. person that assists or supports a foreign person's activity that would constitute prohibited new investment under § 537.201 if engaged in by a U.S. person. This facilitation prohibition is subject to the exemption for trade in goods, services and technology set forth in § 537.204.

(b) *Examples:* (1) A U.S. corporation is prohibited from brokering, financing, guaranteeing, or approving the entry by any foreign person, including a foreign affiliate, into a contract for the development of, e.g., a natural gas field, a tourist hotel complex, or a rubber plantation in Burma, unless pursuant to the affiliate's exercise of rights

under an agreement entered into prior to the effective date. An independent U.S. contractor, however, may perform brokerage, financing, or guarantee services if under a service contract meeting the conditions of § 537.204.

(2) The sale to a foreign person of a U.S. person's equity or income interest in a development project in Burma constitutes facilitation of that foreign person's investment in Burma, unless pursuant to a pre-effective date agreement. Such a sale, however, is authorized by general license under § 537.504.

(3) A U.S. national or permanent resident alien employed in Burma or in a third country by a foreign person may participate in any decision-making role in an activity by the foreign person that includes economic development of resources located in Burma as exempt employment services pursuant to § 537.204, unless such services are undertaken pursuant to a post-effective date agreement between the foreign person and the Government of Burma or a nongovernmental entity in Burma and:

(i) involve the general supervision and guarantee of the foreign person's performance of a contract for the economic development of resources located in Burma, or

(ii) where the individual U.S. person's compensation is provided for, in whole or in part, from shares of ownership in the development project or participation in royalties, earnings, or profits in the development project.

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

#### **§ 537.501 General and specific licensing procedures.**

For provisions relating to licensing procedures, see subpart C of part 501 of this chapter.

#### **§ 537.502 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, un-

less 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 this part 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.

#### **§ 537.503 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.

#### **§ 537.504 Divestiture of U.S. person's equity investment in Burma.**

Notwithstanding the prohibition in § 537.202 against the facilitation by a U.S. person of a foreign person's investment, all transactions related to the divestiture or transfer to a foreign person of a U.S. person's share of ownership including an equity interest in the economic development of resources located in Burma are authorized. U.S. persons participating in such transactions valued at more than \$10,000 are

## § 537.601

## 31 CFR Ch. V (7-1-02 Edition)

required, within 10 business days after the agreement is signed, to file a report for statistical purposes with the Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Avenue NW.—Annex, Washington, DC 20220.

NOTE TO § 537.504: This authorization includes arrangements by U.S. persons with pre-effective date investments in Burma to “farm in” or sell a stake in the investment to a foreign person. For purposes of this section, the term *farm-in arrangement* is defined to mean the sale of an equity interest in an investment in the economic development of resources located in Burma.

### Subpart F—Reports

#### § 537.601 Recordkeeping and reporting requirements.

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

### Subpart G—Penalties

#### § 537.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) (the “Act”), 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 adjusted 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 10 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 statements or representations 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 5 years, or both.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

#### § 537.702 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 penalty. 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 respond.* The prepenalty notice also shall inform the respondent of respondent’s 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.

**§ 537.703 Response to prepenalty notice; informal settlement.**

(a) *Deadline for response.* The respondent shall have 30 days from the date of mailing of the prepenalty notice to make a written response to the Director of the Office of Foreign Assets Control.

(b) *Form and contents of response.* The written response 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 respondent believes the penalty should not be imposed or, if imposed, why it should be in a lesser amount than proposed.

(c) *Informal settlement.* In addition or as an alternative to a written response to a prepenalty notice pursuant to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent is not required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30-day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

**§ 537.704 Penalty imposition or withdrawal.**

(a) *No violation.* If, after considering any response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent named in the prepenalty notice, the Director

promptly shall notify the respondent in writing of that determination and that no monetary penalty will be imposed.

(b) *Violation.* If, after considering any response to the prepenalty notice, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director promptly shall issue a written notice of the imposition of the monetary penalty to the respondent.

(1) The penalty notice shall inform the respondent that payment of the assessed penalty must be made within 30 days of the mailing of the penalty notice.

(2) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collection and reporting on any delinquent penalty amount in the event of a failure to pay the penalty imposed.

**§ 537.705 Administrative collection action; referral to United States Department of Justice.**

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the mailing of the written notice of the imposition of the penalty, the matter may be referred for administrative collection measures by the Department of the Treasury or 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****§ 537.801 Procedures.**

For provisions relating to procedures, see subpart C of part 501 of this chapter.

**§ 537.802 Delegation by the Secretary of the Treasury.**

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 13047 or any further executive orders relating to the

## § 537.901

national emergency declared in Executive Order 13047 may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

### Subpart I—Paperwork Reduction Act

#### § 537.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget under the Paperwork Reduction Act of information collections relating to recordkeeping and reporting requirements, to licensing procedures pursuant to statements of licensing policy, and to other procedures, see § 501.901 of this chapter.

## PART 538—SUDANESE SANCTIONS REGULATIONS

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

Sec.

538.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

- 538.201 Prohibited transactions involving blocked property.
- 538.202 Effect of transfers violating the provisions of this part.
- 538.203 Holding of funds in interest-bearing accounts; investment and reinvestment.
- 538.204 Prohibited importation of goods or services from Sudan.
- 538.205 Prohibited exportation and reexportation of goods, technology, or services to Sudan.
- 538.206 Prohibited facilitation.
- 538.207 Prohibited performance of contracts.
- 538.208 Prohibited grant or extension of credits or loans to the Government of Sudan.
- 538.209 Prohibited transportation-related transactions involving Sudan.
- 538.210 Evasions; attempts; conspiracies.
- 538.211 Exempt transactions.

### Subpart C—General Definitions

- 538.301 Blocked account; blocked property.
- 538.302 Effective date.
- 538.303 Entity.
- 538.304 General license.
- 538.305 Government of Sudan.
- 538.306 Information and informational materials.
- 538.307 Interest.

## 31 CFR Ch. V (7–1–02 Edition)

- 538.308 License.
- 538.309 Person.
- 538.310 Property; property interest.
- 538.311 Specific license.
- 538.312 Sudanese origin.
- 538.313 Transfer.
- 538.314 United States.
- 538.315 United States person; U.S. person.
- 538.316 U.S. financial institution.

### Subpart D—Interpretations

- 538.401 Reference to amended sections.
- 538.402 Effect of amendment.
- 538.403 Termination and acquisition of an interest in blocked property.
- 538.404 Setoffs prohibited.
- 538.405 Transactions incidental to a licensed transaction authorized.
- 538.406 Exportation of services; performance of service contracts; legal services.
- 538.407 Facilitation by a United States person.
- 538.408 Offshore transactions.
- 538.409 Transshipments through the United States prohibited.
- 538.410 Imports of Sudanese goods from third countries; transshipments.
- 538.411 Exports to third countries; transshipments.
- 538.412 Operation of accounts.
- 538.413 Funds transfers.
- 538.414 Loans or extensions of credit.
- 538.415 Payments involving Sudan.
- 538.416 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.

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

- 538.501 Effect of license or authorization.
- 538.502 Exclusion from licenses and authorizations.
- 538.503 Payments and transfers to blocked accounts in U.S. financial institutions.
- 538.504 Entries in certain accounts for normal service charges authorized.
- 538.505 Provision of certain legal services to the Government of Sudan, persons in Sudan, or benefitting Sudan.
- 538.506 30-day delayed effective date for pre-November 4, 1997 trade contracts involving Sudan.
- 538.507 Reexports by non-U.S. persons.
- 538.508 Certain payments by the Government of Sudan of obligations to persons within the United States authorized.
- 538.509 Certain services relating to participation in various events authorized.
- 538.510 Importation and exportation of certain gifts authorized.
- 538.511 Accompanied baggage authorized.
- 538.512 Transactions related to telecommunications authorized.
- 538.513 Transactions related to mail authorized.

- 538.514 Certain transactions related to patents, trademarks and copyrights authorized.
- 538.515 Certain imports for diplomatic or official personnel authorized.
- 538.516 Diplomatic pouches.
- 538.517 Allowable payments for overflights of Sudanese airspace.
- 538.518 Household goods and personal effects.
- 538.519 Aircraft and maritime safety.
- 538.520 Extensions or renewals of loans and credits.
- 538.521 Registration of nongovernmental organizations for humanitarian or religious activities.
- 538.522 Transactions related to U.S. citizens residing in Sudan.
- 538.523 Commercial sales, exportation, and reexportation of agricultural commodities, medicine, and medical devices.
- 538.524 [Reserved]
- 538.525 Payment for and financing of commercial sales of agricultural commodities, medicine, and medical equipment.
- 538.526 Brokering sales of agricultural commodities, medicine, and medical devices.

#### Subpart F—Reports

- 538.601 Records and reports.

#### Subpart G—Penalties

- 538.701 Penalties.
- 538.702 Prepenalty notice.
- 538.703 Response to prepenalty notice; informal settlement.
- 538.704 Penalty imposition or withdrawal.
- 538.705 Administrative collection; referral to United States Department of Justice.

#### Subpart H—Procedures

- 538.801 Procedures.
- 538.802 Delegation by the Secretary of the Treasury.

#### Subpart I—Paperwork Reduction Act

- 538.901 Paperwork Reduction Act notice.

#### APPENDIX A TO PART 538—BULK AGRICULTURAL COMMODITIES

AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 18 U.S.C. 2339B, 2332d; 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 106–387, 114 Stat. 1549; E.O. 13067, 62 FR 59989; 3 CFR, 1997 Comp., p. 230.

SOURCE: 63 FR 35810, July 1, 1998, unless otherwise noted.

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

#### § 538.101 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. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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 complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 538.201 Prohibited transactions involving blocked property.

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, no property or interests in property of the Government of Sudan, 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), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on, or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of the

Government of Sudan, and held within the possession or control of a U.S. person is prohibited, irrespective of the fact that at any time (either prior to, on, 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.

**§ 538.202 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, order, directive, ruling, instruction, license, or other authorization hereunder and involves any property or interest in property blocked pursuant to § 538.201 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 or property interests.

(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 or interest in property blocked pursuant to § 538.201, 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, this part, and any regulation, order, directive, ruling, instruction, or license 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) 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 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.

NOTE TO PARAGRAPH (d): The filing of a report in accordance with the provisions of paragraph (d)(3) of this section 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 or interest in property blocked pursuant to § 538.201.

**§ 538.203 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraphs (c) or (d) of this section, or as otherwise directed by the Office of Foreign Assets Control, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations, subject to § 538.201(a) shall hold or place such funds in a blocked interest-bearing account located in the United States.

(b)(1) For purposes of this section, the term *blocked interest-bearing account* means a blocked account:

(i) In a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates which are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, provided the funds are invested in a money market fund or in U.S. Treasury Bills.

(2) For purposes of this section, a rate is *commercially reasonable* if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(3) Funds held or placed in a blocked account pursuant to this paragraph (b) may not be invested in instruments the maturity of which exceeds 180 days. If interest is credited to a separate blocked account or sub-account, the name of the account party on each account must be the same.

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 538.201 may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (b) or (d) of this section.

(d) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject

to § 538.201 may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates which are commercially reasonable.

(e) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such property at the time the property becomes subject to § 538.201. However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales in appropriate cases.

(f) Funds subject to this section may not be held, invested, or reinvested in a manner which provides immediate financial or economic benefit or access to the Government of Sudan or its entities, nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

**§ 538.204 Prohibited importation of goods or services from Sudan.**

Except as otherwise authorized, the importation into the United States, directly or indirectly, of any goods or services of Sudanese origin, other than information or informational materials, is prohibited.

**§ 538.205 Prohibited exportation and reexportation of goods, technology, or services to Sudan.**

Except as otherwise authorized, the exportation or reexportation, directly or indirectly, to Sudan of any goods, technology (including technical data, software, or other information) or services from the United States or by a United States person, wherever located, or requiring the issuance of a license by a Federal agency, is prohibited.

[66 FR 36688, July 12, 2001]

**§ 538.206 Prohibited facilitation.**

Except as otherwise authorized, the facilitation by a United States person, including but not limited to brokering activities, of the exportation or reexportation of goods, technology, or services from Sudan to any destination, or to Sudan from any location, is prohibited.

**§ 538.207 Prohibited performance of contracts.**

Except as otherwise authorized, the performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Sudan is prohibited.

**§ 538.208 Prohibited grant or extension of credits or loans to the Government of Sudan.**

Except as otherwise authorized, the grant or extension of credits or loans by any United States person to the Government of Sudan is prohibited.

**§ 538.209 Prohibited transportation-related transactions involving Sudan.**

Except as otherwise authorized, the following are prohibited:

(a) Any transaction by a U.S. person relating to transportation of cargo to or from Sudan;

(b) The provision of transportation of cargo to or from the United States by any Sudanese person or any vessel or aircraft of Sudanese registration; or

(c) The sale in the United States by any person holding authority under 49 U.S.C. subtitle VII of any transportation of cargo by air that includes any stop in Sudan.

**§ 538.210 Evasions; attempts; conspiracies.**

Any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this part is prohibited. Any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is prohibited.

**§ 538.211 Exempt transactions.**

(a) *Personal communications.* The prohibitions contained in this part do not apply to any postal, telegraphic, telephonic, or other personal communication, which does not involve the transfer of anything of value.

(b) *Humanitarian donations.* The prohibitions of this part do not apply to donations by United States persons of articles, such as food, clothing, and

medicine, intended to be used to relieve human suffering.

(c) *Information and informational materials.* (1) The importation from any country and the exportation to any country of information or informational materials as defined in § 538.306, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part.

(2) This section does not authorize transactions related to information and informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services. Such prohibited transactions include, without limitation, payment of advances for informational materials not yet created and completed, provision of services to market, produce or co-produce, create or assist in the creation of information and informational materials, and payment of royalties to the Government of Sudan or a person in Sudan with respect to income received for enhancements or alterations made by U.S. persons to information or informational materials imported from the Government of Sudan or a person in Sudan.

(3) This section does not authorize transactions incident to the exportation of software subject to the Export Administration Regulations, 15 CFR parts 730-774, or to the exportation of goods, technology or software for use in the transmission of any data. The exportation of such items to the Government of Sudan or to Sudan is prohibited, as provided in §§ 538.201 and 538.205.

(d) *Travel.* The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including exportation or importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including non-scheduled air, sea, or land voyages.

(e) *Official business.* The prohibitions contained in this part do not apply to

transactions for the conduct of the official business of the Federal Government or the United Nations by employees thereof.

(f) *Journalistic activity.* The prohibitions contained in this part do not apply to transactions in Sudan for journalistic activity by persons regularly employed in such capacity by a news-gathering organization.

[63 FR 35810, July 1, 1998, as amended at 66 FR 36688, July 12, 2001]

### Subpart C—General Definitions

#### § 538.301 Blocked account; blocked property.

The terms *blocked account* and *blocked property* shall mean any account or property subject to the prohibition in § 538.201 held in the name of the Government of Sudan or in which the Government of Sudan 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 the Office of Foreign Assets Control authorizing such action.

#### § 538.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part which is 12:01 a.m. EST, November 4, 1997.

#### § 538.303 Entity.

The term *entity* means a partnership, association, trust, joint venture, corporation, or other organization.

#### § 538.304 General license.

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

#### § 538.305 Government of Sudan.

The term *Government of Sudan* includes:

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

(b) Any entity 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 determined by the Director of the Office of Foreign Assets Control to be included within paragraphs (a) through (c) of this section.

NOTE TO § 538.305: Please refer to the appendices at the end of this chapter for listings of persons determined to fall within this definition who 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 who wish to assert that the circumstances resulting in the designation are no longer applicable.

#### § 538.306 Information and informational materials.

(a)(1) For purposes of this part, the term *information and informational materials* means publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds, and other information and informational materials.

(2) To be considered informational materials, artworks must be classified under chapter subheading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The term *information and informational materials* with respect to U.S. exports does not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401–2420 (the “EAA”), or section 6 of the EAA to the extent that such controls promote nonproliferation or antiterrorism policies of the United States.

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

#### § 538.307 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.

## § 538.308

## 31 CFR Ch. V (7-1-02 Edition)

### § 538.308 License.

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

### § 538.309 Person.

The term *person* means an individual or entity.

### § 538.310 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, guarantees, 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.

### § 538.311 Specific license.

The term *specific license* means any license or authorization not set forth in this part but issued pursuant to this part.

### § 538.312 Sudanese origin.

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

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

(b) Goods which have entered into Sudanese commerce;

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

(d) The term *services of Sudanese origin* does not include:

(1) Diplomatic and consular services performed by or on behalf of the Government of Sudan;

(2) Diplomatic and consular services performed by or on behalf of the Government of the United States.

### § 538.313 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

**§ 538.314 United States.**

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

**§ 538.315 United States person; U.S. person.**

The term *United States person* or *U.S. person* means any United States citizen, permanent resident alien, entity 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.

**§ 538.316 U.S. financial institution.**

The term *U.S. financial institution* means any U.S. entity (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.

**Subpart D—Interpretations****§ 538.401 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.

**§ 538.402 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, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

**§ 538.403 Termination and acquisition of an interest in blocked property.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from the Government of Sudan, such property shall no longer be deemed to be property in which the Government of Sudan has or has had an interest unless there exists in the property another interest of the Government of Sudan, 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 Sudan, such property shall be deemed to be property in which there exists an interest of the Government of Sudan.

**§ 538.404 Setoffs prohibited.**

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 538.201 if effected after the effective date.

**§ 538.405 Transactions incidental to a licensed transaction authorized.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

**§ 538.406**

(a) A transaction by an unlicensed Sudanese governmental entity or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Sudan not explicitly authorized in or pursuant to this part other than loading, transporting, and discharging licensed or exempt cargo there.

(c) Distribution or leasing in Sudan of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Sudan; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine, or medical equipment to Sudan or the Government of Sudan. See § 538.525.

[64 FR 41786, Aug. 2, 1999, as amended at 66 FR 36688, July 12, 2001]

**§ 538.406 Exportation of services; performance of service contracts; legal services.**

(a) The prohibition on the exportation of services contained in § 538.205 applies to services performed on behalf of the Government of Sudan, or where the benefit of such services is otherwise received in Sudan, when such services are performed:

(1) In the United States;

(2) By a U.S. person, wherever located;

(3) By an entity located in the United States, including its overseas branches; or

(4) Outside the United States by an individual U.S. person ordinarily resident in the United States.

(b) The benefit of services performed anywhere in the world on behalf of the Government of Sudan, including services performed for a controlled entity or agent of the Government of Sudan, is presumed to be received in Sudan.

(c) The prohibitions contained in §§ 538.201 and 538.207 apply to services performed by U.S. persons, wherever located:

(1) On behalf of the Government of Sudan;

(2) With respect to property interests of the Government of Sudan; or

**31 CFR Ch. V (7-1-02 Edition)**

(3) In support of an industrial, commercial, public utility or governmental project in Sudan.

(d) *Example:* U.S. persons may not, without specific authorization from the Office of Foreign Assets Control, represent an individual or entity with respect to contract negotiations, contract performance, commercial arbitration, or other business dealings with the Government of Sudan. See § 538.505 on licensing policy with regard to the provision of certain legal services.

**§ 538.407 Facilitation by a United States person.**

(a) The prohibition contained in § 538.206 against facilitation by a United States person of the exportation or reexportation of goods, technology, or services between Sudan and any destination (including the United States) bars any unlicensed action by a U.S. person that assists or supports trading activity with Sudan by any person. Facilitation of a trade or financial transaction that could be engaged in directly by a U.S. person or from the United States consistent with the prohibitions, general licenses and exemptions contained in this part is not prohibited. Activity of a purely clerical or reporting nature that does not further trade or financial transactions with Sudan or the Government of Sudan is not considered prohibited facilitation. For example, reporting on the results of a subsidiary's trade with Sudan is not prohibited, while financing or insuring that trade or warranting the quality of goods sold by a subsidiary to the Government of Sudan constitutes prohibited facilitation.

(b) To avoid potential liability for U.S. persons under this part, a U.S. parent corporation must ensure that its foreign subsidiaries act independently of any U.S. person with respect to all transactions and activities relating to the exportation or reexportation of goods, technology, or services between Sudan and any other location including but not limited to business and legal planning; decision making; designing, ordering or transporting goods; and financial, insurance, and other risks. See § 538.505 with respect to exports of, *inter alia*, certain legal services benefitting Sudan.

(c) No U.S. person may change its policies or operating procedures, or those of a foreign affiliate or subsidiary, in order to enable a foreign entity owned or controlled by U.S. persons to enter into a transaction that could not be entered into directly by a U.S. person or from the United States pursuant to this part.

(d) No U.S. person may refer to a foreign person purchase orders, requests for bids, or similar business opportunities involving Sudan or the Government of Sudan to which the United States person could not directly respond as a result of the prohibitions contained in this part.

**§ 538.408 Offshore transactions.**

(a) The prohibitions contained in §§ 538.201 and 538.206 apply to transactions by any U.S. person in a location outside the United States with respect to property in which the U.S. person knows, or has reason to know, the Government of Sudan has or has had an interest since the effective date, or with respect to goods, technology or services which the U.S. person knows, or has reason to know, are of Sudanese origin or owned or controlled by the Government of Sudan.

(b) Prohibited transactions include, but are not limited to, importation into or exportation from locations outside the United States of, or purchasing, selling, financing, swapping, insuring, transporting, lifting, storing, incorporating, transforming, brokering, or otherwise dealing in, within such locations, goods, technology or services of Sudanese 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, Sudanese crude oil or sugar refined in Sudan.

(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 the Government of Sudan, including a controlled entity or agent of that Government, or which benefits or supports the business of an entity located in Sudan, unless the entity is licensed by the Of-

fice of Foreign Assets Control to conduct such transactions with U.S. persons or the transaction is generally licensed in, or exempted from the prohibitions of, this part.

**§ 538.409 Transshipments through the United States prohibited.**

(a) The prohibitions in § 538.205 apply to the importation into the United States, for transshipment or transit, of goods which are intended or destined for Sudan, or an entity operated from Sudan.

(b) The prohibitions in § 538.204 apply to the importation into the United States, for transshipment or transit, of goods of Sudanese origin which are intended or destined for third countries.

(c) Goods in which the Government of Sudan has an interest which are imported into or transshipped through the United States are blocked pursuant to § 538.201.

**§ 538.410 Imports of Sudanese goods from third countries; transshipments.**

(a) Importation into the United States from third countries of goods containing raw materials or components of Sudanese origin is not prohibited if those raw materials or components have been incorporated into manufactured products or otherwise substantially transformed in a third country.

(b) Importation into the United States of goods of Sudanese origin that have been transshipped through a third country without being incorporated into manufactured products or otherwise substantially transformed in a third country are prohibited.

**§ 538.411 Exports to third countries; transshipments.**

Exportation of goods or technology (including technical data, software, information not exempted from the prohibition of this part pursuant to § 538.211, or technical assistance) 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 Sudan (including passage through, or storage in, intermediate destinations). The exportation of goods

**§ 538.412**

or 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 Sudan, is being specifically manufactured to fill a Sudanese order, or if the manufacturer's sales of the particular product are predominantly to Sudan.

**§ 538.412 Operation of accounts.**

The operation of an account in a financial institution for a private Sudanese person does not constitute the exportation of a service to Sudan; however, such operation may not include the execution of transactions in support of transactions or activities prohibited by subpart B of this part.

**§ 538.413 Funds transfers.**

The transfer of funds to Sudan from the United States does not constitute an exportation of services pursuant to § 538.205.

**§ 538.414 Loans or extensions of credit.**

(a) The prohibition in § 538.205 applies to loans or extensions of credit to a person in Sudan, including overdraft protection on checking accounts, and the unlicensed renewal or rescheduling of credits or loans in existence as of the effective date, whether by affirmative action or operation of law.

(b) The prohibition in § 538.205 applies to financial services including loans or credits extended in any currency.

**§ 538.415 Payments involving Sudan.**

Before a United States financial institution initiates a payment subject to the prohibitions contained in this part on behalf of any customer, or credits a transfer subject to such prohibitions to the account on its books of the ultimate beneficiary, the U.S. financial institution must determine that the transfer is not prohibited by this part.

**§ 538.416 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, ex-

**31 CFR Ch. V (7-1-02 Edition)**

cept as authorized pursuant to this part.

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

**§ 538.501 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, authorizes or validates 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 this part 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.

**§ 538.502 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.

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

Any payment of funds or transfer of credit in which the Government of Sudan has any interest, that comes within the possession or control of a U.S. financial institution, must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be made to another blocked account held in the same name.

NOTE TO § 538.503: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 538.203 concerning the obligation to hold blocked funds in interest-bearing accounts.

**§ 538.504 Entries in certain accounts for normal service charges authorized.**

(a) U.S. financial institutions are hereby authorized to debit any blocked account with such U.S. financial institution in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account.

(b) As used in this section, the term *normal service charge* shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photocopies, credit reports, transcripts of statements, registered mail, insurance, stationery and supplies, and other similar items.

**§ 538.505 Provision of certain legal services to the Government of Sudan, persons in Sudan, or benefiting Sudan.**

(a) The provision to the Government of Sudan, to a person in Sudan, or in circumstances in which the benefit is otherwise received in Sudan, of the legal services set forth in paragraph (b) of this section is authorized, provided that all receipts of payment therefor must be specifically licensed. The provision of any other legal services as interpreted in § 538.406 requires the issuance of a specific license.

(b) Specific licenses may be issued, on a case-by-case basis, authorizing receipt, from unblocked sources, of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to the Government of Sudan or to a person in Sudan:

(1) Provision of legal advice and counseling to the Government of Sudan, to a person in Sudan, or in circumstances in which the benefit is otherwise received in Sudan, on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling is not provided to facilitate transactions in violation of this part;

(2) Representation of the Government of Sudan or a person in Sudan when named as a defendant in or otherwise made a party to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction of the Government of Sudan, or of a person in Sudan;

(4) Representation of the Government of Sudan or a person in Sudan before any federal agency with respect to the imposition, administration, or enforcement of U.S. sanctions against Sudan; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) Enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment or other judicial process purporting to transfer or otherwise alter or affect a property interest of the Government of Sudan is prohibited unless specifically licensed in accordance with § 538.202(e).

**§ 538.506 30-day delayed effective date for pre-November 4, 1997 trade contracts involving Sudan.**

(a) *Pre-existing trade contracts.* Trade transactions required under a contract entered into prior to November 4, 1997 (a “pre-existing trade contract”), otherwise prohibited by this part, including the importation of goods or services of Sudanese origin or the exportation of goods, services, or technology that was authorized under applicable Federal regulations in force immediately prior to November 4, 1997, are authorized without specific licensing by the Office of Foreign Assets Control as follows:

(1) Exports or reexports are authorized until 12:01 a.m. EST, December 4, 1997, and non-financing activity by U.S. persons incidental to the performance of the pre-existing trade contract (such as the provision of transportation or insurance) is authorized through 12:01 a.m. EST, February 2, 1998, if the pre-existing trade contract is for:

(i) The exportation of goods, services, or technology from the United States or a third country that was authorized under applicable Federal regulations in force immediately prior to November 4, 1997; or

(ii) The reexportation of goods or technology that was authorized under applicable Federal regulations in force immediately prior to November 4, 1997.

(2) If the pre-existing trade contract is for the importation of goods or services of Sudanese origin or other trade transactions relating to goods or services of Sudanese origin or owned or controlled by the Government of Sudan, importations under the pre-existing trade contract are authorized until 12:01 a.m. EST, December 4, 1997.

(3) For purposes of this section, goods are considered to be exported upon final loading aboard the exporting conveyance in the country of export. Goods are considered to be imported

upon arrival in the jurisdiction of the country of importation.

(b)(1) *Financing for pre-existing trade contracts.* In general, no financing services prohibited by this part may be performed after 12:01 a.m. EST, November 4, 1997. However, letters of credit and other financing agreements with respect to the trade transactions authorized in paragraph (a) of this section may be performed according to their terms, and may be extended or renewed, except that:

(i) Any payment required to be made to the Government of Sudan or any person blocked pursuant to this part or otherwise, including payments authorized with respect to trade transactions described in paragraph (a) of this section, must be made into a blocked account in the United States; and

(ii) No payment may be made from a blocked account unless authorized by a specific license issued by the Office of Foreign Assets Controls.

(2) Specific licenses may be issued by the Office of Foreign Asset Controls on a case-by-case basis to permit a U.S. bank to debit a blocked account of the Government of Sudan for funds held as collateral under an irrevocable letter of credit issued or confirmed by it, or a letter of credit reimbursement confirmed by it, for goods, services or technology exported, or goods or technology reexported, prior to 12:01 a.m. EST, December 4, 1997, directly or indirectly to Sudan, or to third countries for an entity operated from Sudan, or for the benefit of the Government of Sudan. The application for a license must:

(i) Present evidence satisfactory to the Office of Foreign Asset Controls that the exportation or reexportation occurred prior to 12:01 a.m. EST, December 4, 1997; and

(ii) Include an explanation of the facts and circumstances surrounding the entry and execution of the export or reexport transaction, including the names and addresses of all Sudanese participants in the transaction and all Sudanese persons having an ownership interest in the beneficiary of the letter of credit.

(c) *Blocked Government of Sudan accounts.* Nothing in this section permits

debits to a blocked account of the Government of Sudan absent the issuance of a specific license by Office of Foreign Asset Controls authorizing such a debit. The operation of an account of the Government of Sudan in a financial institution does not constitute a trade transaction for purposes of this section.

(d) *Existence of contract.* The existence of a contract will be determined with reference to the principles contained in Article 2 of the Uniform Commercial Code.

(e) *Reporting requirement.* Although a specific license from Office of Foreign Asset Controls is not required for any transaction authorized in paragraph (a) of this section, any U.S. person engaging in a transaction described in paragraph (a) of this section is required to report such transaction immediately to the Office of Foreign Asset Controls and provide a description of the underlying trade contract. Such reports should be directed to the Office of Foreign Assets Control, Attn: Compliance Programs Division/Sudan Contracts, 1500 Pennsylvania Avenue, NW., Annex-2nd Floor, Washington, DC 20220. Such reports may be made by facsimile transmission to 202/622-1657.

(f) *Licensing and reporting provisions.* For provisions relating to applications to the Office of Foreign Asset Controls for specific licenses and reporting requirements, see §§ 501.606 and 501.808 of this chapter.

**§ 538.507 Reexports by non-U.S. persons.**

(a) *Goods, technology and services subject to export license application requirements under other United States regulations.* The reexportation to Sudan or the Government of Sudan by a non-U.S. person of any goods, technology or services exported from the United States, the exportation of which to Sudan is subject to export or reexport license application requirements is authorized under this section provided that, for reexportation of goods, the goods:

(1) Have been incorporated into another product outside the United States and constitute 10 per cent or less by value of that product exported from a third country; or

(2) Have been substantially transformed outside the United States.

NOTE TO PARAGRAPH (A) OF § 538.507: Goods, technology and software of U.S. origin that are subject to the Export Administration Regulations (15 CFR parts 730-774) may require specific authorization from the Department of Commerce, Bureau of Export Administration, even though such goods have been substantially transformed abroad.

(b) *Goods, technology and services not subject to export license application requirements under other United States regulations.* The reexportation to Sudan or the Government of Sudan by a non-U.S. person of any goods, technology or services of U.S. origin, the exportation of which to Sudan is not subject to any export license application requirements under any other United States regulations, is authorized under this section. However, the reexportation by non-U.S. persons of U.S.-origin goods, technology or software classified as EAR99 under the Export Administration Regulations (15 CFR parts 730-774) may require specific authorization from the Department of Commerce, Bureau of Export Administration.

**§ 538.508 Certain payments by the Government of Sudan of obligations to persons within the United States authorized.**

Specific licenses may be issued on a case-by-case basis to permit the transfer of funds after the effective date by, through, or to any U.S. financial institution or other U.S. person not blocked pursuant to this chapter, from a non-blocked account outside of the United States, solely for the purpose of payment of obligations of the Government of Sudan to persons or accounts within the United States, provided that the obligation arose prior to the effective date, and the payment requires no debit to a blocked account.

**§ 538.509 Certain services relating to participation in various events authorized.**

The importation of Sudanese-origin services into the United States is authorized where such services are performed in the United States by a Sudanese national who enters the United States on a visa issued by the State

**§ 538.510**

Department for the purpose of participating in a public conference, performance, exhibition or similar event, and such services are consistent with that purpose.

**§ 538.510 Importation and exportation of certain gifts authorized.**

The importation into the United States of Sudanese-origin goods, and the exportation from the United States of goods, is authorized for goods sent as gifts to persons provided that the value of the gift is not more than \$100; the goods are of a type and in quantities normally given as gifts between individuals; and the goods are not controlled for chemical and biological weapons (CB), missile technology (MT), national security (NS), or nuclear proliferation (NP)(see Commerce Control List, 15 CFR part 774 of the Export Administration Regulations).

**§ 538.511 Accompanied baggage authorized.**

(a) Persons entering the United States directly or indirectly from Sudan are authorized to import into the United States Sudanese-origin accompanied baggage normally incident to travel.

(b) Persons leaving the United States for Sudan are authorized to export from the United States accompanied baggage normally incident to travel.

(c) For purposes of this section, the term *accompanied baggage normally incident to travel* includes only baggage that:

(1) Accompanies the traveler on the same aircraft, train, or vehicle;

(2) Includes only articles that are necessary for personal use incident to travel, are not intended for any other person or for sale, and are not otherwise prohibited from importation or exportation under applicable United States laws.

**§ 538.512 Transactions related to telecommunications authorized.**

All transactions with respect to the receipt and transmission of telecommunications involving Sudan are authorized. This section does not authorize the provision to the Government of Sudan or a person in Sudan of

**31 CFR Ch. V (7-1-02 Edition)**

telecommunications equipment or technology.

**§ 538.513 Transactions related to mail authorized.**

All transactions by U.S. persons, including payment and transfers to common carriers, incident to the receipt or transmission of mail between the United States and Sudan are authorized, provided that mail is limited to personal communications not involving a transfer of anything of value.

**§ 538.514 Certain transactions related to patents, trademarks and copyrights authorized.**

(a) All of the following transactions in connection with patent, trademark, copyright or other intellectual property protection in the United States or Sudan are authorized:

(1) The filing and prosecution of any application to obtain a patent, trademark, copyright or other form of intellectual property protection;

(2) The receipt of a patent, trademark, copyright or other form of intellectual property protection;

(3) The renewal or maintenance of a patent, trademark, copyright or other form of intellectual property protection; and

(4) The filing and prosecution of opposition or infringement proceedings with respect to a patent, trademark, copyright or other form of intellectual property protection, or the entrance of a defense to any such proceedings.

(b) This section authorizes the payment of fees currently due to the United States Government, or of the reasonable and customary fees and charges currently due to attorneys or representatives within the United States, in connection with the transactions authorized in paragraph (a) of this section. Payment effected pursuant to the terms of this paragraph may not be made from a blocked account.

(c) This section authorizes the payment of fees currently due to the Government of Sudan, or of the reasonable and customary fees and charges currently due to attorneys or representatives within Sudan, in connection with the transactions authorized in paragraph (a) of this section.

(d) Nothing in this section affects obligations under any other provision of law.

**§ 538.515 Certain imports for diplomatic or official personnel authorized.**

All transactions ordinarily incident to the importation of any goods or services into the United States destined for official or personal use by the diplomatic missions of the Government of Sudan to the United States and to international organizations located in the United States are authorized, provided that such goods or services are not for resale, and unless such importation is otherwise prohibited by law.

**§ 538.516 Diplomatic pouches.**

All transactions in connection with the importation into the United States from Sudan, or the exportation from the United States to Sudan, of diplomatic pouches and their contents are authorized.

**§ 538.517 Allowable payments for overflights of Sudanese airspace.**

Payments to Sudan of charges for services rendered by the Government of Sudan in connection with the overflight of Sudan or emergency landing in Sudan of aircraft owned by a United States person or registered in the United States are authorized.

**§ 538.518 Household goods and personal effects.**

(a) The exportation from the United States to Sudan of household and personal effects, including baggage and articles for family use, of persons departing the United States to relocate in Sudan is authorized provided the articles included in such effects have been actually used by such persons or by family members accompanying them, are not intended for any other person or for sale, and are not otherwise prohibited from exportation.

(b) The importation of Sudanese-origin household and personal effects, including baggage and articles for family use, of persons arriving in the United States is authorized; to qualify, articles included in such effects must have been actually used abroad by such persons or by other family members arriv-

ing from the same foreign household, must not be intended for any other person or for sale, and must not be otherwise prohibited from importation.

**§ 538.519 Aircraft and maritime safety.**

Specific licenses may be issued on a case-by-case basis for the exportation and reexportation of goods, services, and technology to insure the safety of civil aviation and safe operation of U.S.-origin commercial passenger aircraft, and to ensure the safety of ocean-going maritime traffic in international waters.

**§ 538.520 Extensions or renewals of loans and credits.**

(a) Specific licenses may be issued on a case-by-case basis for rescheduling loans or otherwise extending the maturities of existing loans, and for charging fees or interest at commercially reasonable rates in connection therewith, provided that no new funds or credits are thereby transferred or extended to Sudan or the Government of Sudan.

(b) Specific licenses may be issued on a case-by-case basis, at the request of the account party, for the extension or renewal of a letter of credit or a standby letter of credit issued or confirmed by a U.S. financial institution.

**§ 538.521 Registration of nongovernmental organizations for humanitarian or religious activities.**

(a) Registration numbers may be issued on a case-by-case basis for the registration of nongovernmental organizations involved in humanitarian or religious activities in Sudan, authorizing transactions by such organizations otherwise prohibited by this part, including the exportation of services, goods, software, or technology to Sudan and the transfer of funds to and from Sudan for the purpose of relieving human suffering. Applicants for registration numbers must comply with the requirements of § 501.801(c), 31 CFR chapter V.

(b) This section does not authorize transfers from blocked accounts.

NOTE TO § 538.521: Registration does not excuse a U.S. person from compliance with other applicable U.S. laws governing the exportation or reexportation of U.S.-origin

**§ 538.522**

goods, software, or technology (including technical data). See, e.g., the Export Administration Regulations administered by the U.S. Department of Commerce (15 CFR parts 730-774).

[66 FR 2728, Jan. 11, 2001]

**§ 538.522 Transactions related to U.S. citizens residing in Sudan.**

U.S. persons are authorized to engage in transactions in Sudan ordinarily incident to the routine and necessary maintenance and other personal living expenses of U.S. citizens who reside on a permanent basis in Sudan.

**§ 538.523 Commercial sales, exportation, and reexportation of agricultural commodities, medicine, and medical devices.**

(a) *One-year license requirement.* The exportation or reexportation of agricultural commodities (including bulk agricultural commodities listed in appendix A to this part 538), medicine, or medical devices to the Government of Sudan, any entity in Sudan, individuals in Sudan, or persons in third countries purchasing specifically for resale to any of the foregoing, shall only be made pursuant to a one-year license issued by the U.S. Department of the Treasury, Office of Foreign Assets Control, for contracts entered into during the one-year period of the license and shipped within the 12-month period beginning on the date of the signing of the contract. No license will be granted for the exportation or reexportation of agricultural commodities, medicine, or medical equipment to any entity or individual in Sudan promoting international terrorism. Executory contracts entered into pursuant to paragraph (b)(2) of this section prior to the issuance of the one-year license described in this paragraph shall be deemed to have been signed on the date of issuance of that one-year license (and, therefore, the exporter is authorized to make shipments under that contract within the 12-month period beginning on the date of issuance of the one-year license).

(b) *General license for arrangement of exportation or reexportation of covered products.* (1) The making of shipping arrangements, cargo inspection, obtaining of insurance, and arrangement of financing (consistent with § 538.525) for

**31 CFR Ch. V (7-1-02 Edition)**

the exportation or reexportation of agricultural commodities, medicine, or medical devices to the Government of Sudan, entities in Sudan, individuals in Sudan, or persons in third countries purchasing specifically for resale to any of the foregoing, is authorized.

(2) If desired, entry into executory contracts (including executory pro forma invoices, agreements in principle, or executory offers capable of acceptance such as bids in response to public tenders) for the exportation or reexportation of agricultural commodities, medicine, and medical devices to the Government of Sudan, entities in Sudan, individuals in Sudan, or persons in third countries purchasing specifically for resale to any of the foregoing, is authorized, provided that performance of an executory contract is expressly made contingent upon the prior issuance of the one-year license described in paragraph (a) of this section.

(c) *Instructions for obtaining one-year licenses.* In order to obtain the one-year license described in paragraph (a), the exporter must provide to the Office of Foreign Assets Control:

(1) The applicant's full legal name (if the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business).

(2) The applicant's mailing and street address (so that OFAC may reach a responsible point of contact, the applicant should also include the name of the individual(s) responsible for the application and related commercial transactions along with their telephone and fax numbers and, if available, email addresses).

(3) The names, mailing addresses, and if available, fax and telephone numbers of all parties with an interest in the transaction. If the goods are being exported or reexported to a purchasing agent in Sudan, the exporter must identify the agent's principals at the wholesale level for whom the purchase is being made. If the goods are being exported or reexported to an individual, the exporter must identify any organizations or entities with which the individual is affiliated that have an interest in the transaction.

(4) A description of all items to be exported or reexported pursuant to the requested one-year license, including a

statement that the item is classified as EAR 99, and, if necessary, documentation sufficient to verify that the items to be exported or reexported are classified as EAR 99 and do not fall within any of the limitations contained in paragraph (d) of this section.

(5) An Official Commodity Classification of EAR 99 issued by the Department of Commerce, Bureau of Export Administration (“BXA”), certifying that the product is EAR 99 is required to be submitted to OFAC with the request for a license authorizing the exportation or reexportation of all fertilizers, live horses, western red cedar, and medical devices other than basic medical supplies, such as syringes, bandages, gauze and similar items, that are specifically listed on BXA’s website, [www.bxa.doc.gov/Regulations/TradeSanctionsReformExportEnhancementAct.html](http://www.bxa.doc.gov/Regulations/TradeSanctionsReformExportEnhancementAct.html). Medical supplies that are specifically listed on BXA’s website do not require an Official Commodity Classification of EAR 99 from BXA. BXA will also provide a list on its website of medicines that are ineligible for a one-year license under these procedures. If an exporter is uncertain whether the medicine to be exported is eligible, they should seek an Official Commodity Classification of EAR 99 from BXA and submit a copy to OFAC. See, 15 CFR 745.3 for instructions for obtaining Official Commodity Classification of EAR 99 from BXA.

(d) *Limitations.* (1) Nothing in this section or in any license issued pursuant to paragraph (a) of this section relieves the exporter from compliance with the export license application requirements of another Federal agency.

(2) Nothing in this section or in any license issued pursuant to paragraph (a) of this section authorizes the exportation or reexportation of any agricultural commodity, medicine, or medical device controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. 2778); controlled on any control list established under the Export Administration Act of 1979 or any successor statute (50 U.S.C. App. 2401 et seq.); or used to facilitate the development or production of a chemical or biological weapon or weapon of mass destruction.

(3) Nothing in this section or in any license issued pursuant to paragraph (a) of this section affects prohibitions on the sale or supply of U.S. technology or software used to manufacture agricultural commodities, medicine, or medical devices, such as technology to design or produce biotechnological items or medical devices.

(4) Nothing in this section or in any license issued pursuant to paragraph (a) of this section affects U.S. non-proliferation export controls, including end-user and end-use controls maintained under the Enhanced Proliferation Control Initiative.

(5) This section does not apply to any transaction or dealing involving property blocked pursuant to this chapter or to any other activity prohibited by this chapter that is not otherwise authorized in this part.

(e) *Covered items.* For the purposes of this part, agricultural commodities, medicine, and medical devices are defined below.

(1) *Agricultural commodities.* For the purposes of this section, agricultural commodities are:

(i) Products that are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, and that fall within the term “agricultural commodity” as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602); and

(ii) Products not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, that are intended for ultimate use in Sudan as:

(A) Food for humans (including raw, processed, and packaged foods; live animals; vitamins and minerals; food additives or supplements; and bottled drinking water) or animals (including animal feeds);

(B) Seeds for food crops;

(C) Fertilizers or organic fertilizers;

or

(D) Reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals.

(2) *Medicine.* For the purposes of this section, the term medicine has the same meaning given the term “drug” in section 201 of the Federal Food,

**§ 538.524**

**31 CFR Ch. V (7-1-02 Edition)**

Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

(3) *Medical device.* For the purposes of this section, the term medical device has the meaning given the term “device” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

(f) *Transition period.* (1) Specific licenses issued prior to July 26, 2001 authorizing the performance of executory contracts for the sale of agricultural commodities, medicine, or medical equipment shall remain in effect until the expiration date specified in the license or July 26, 2002, whichever comes first. However, after July 26, 2001, new contracts for the exportation of agricultural commodities, medicine, or medical devices may be entered into only pursuant to the terms of, and as authorized by, this part.

(2) Specific licenses issued prior to July 26, 2001 authorizing the sale and exportation or reexportation of bulk agricultural commodities listed in Appendix A to 31 CFR parts 538 and 550 and Appendix B to 31 CFR part 560 shall remain in effect solely to permit completion of performance of contracts already entered into prior to July 26, 2001 pursuant to the license. As of July 26, 2001, new contracts for the exportation of bulk agricultural commodities may be entered into only pursuant to the terms of, and as authorized by, this part.

[66 FR 36688, July 12, 2001]

**§ 538.524 [Reserved]**

**§ 538.525 Payment for and financing of commercial sales of agricultural commodities, medicine, and medical equipment.**

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment

pursuant to §§ 538.523 and 538.524 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Sudan entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 538.523 and 538.524. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No debits to blocked accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit to an account of the Government of Sudan blocked pursuant to this part.

(d) *Transfers through the U.S. financial system.* Before a United States financial institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States financial institution must determine that the underlying transaction is not prohibited by this part. Any payment relating to a transaction authorized in or pursuant to § 538.523 or § 538.526 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the blocking or rejection of the transfer.

(e) Notwithstanding any other provision of this part, no commercial exportation to Sudan may be made with United States Government assistance, including United States foreign assistance, United States export assistance, and any United States credit or guarantees absent a Presidential waiver.

[64 FR 41788, Aug. 2, 1999, as amended at 64 FR 58790, Nov. 1, 1999; 66 FR 36689, July 12, 2001]



**§ 538.526 Brokering sales of agricultural commodities, medicine, and medical devices.**

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to provide brokerage services on behalf of U.S. persons for the sale and exportation or reexportation by United States persons of agricultural commodities, medicine, and medical devices, provided that the sale and exportation or reexportation is authorized by a one-year license issued pursuant to § 538.523.

(b) *Specific licensing for brokering sales by non-U.S. persons of bulk agricultural commodities.* Specific licenses may be issued on a case-by-case basis to permit United States persons to provide brokerage services on behalf of non-United States, non-Sudanese persons for the sale and exportation or reexportation of bulk agricultural commodities to the Government of Sudan, entities in Sudan or individuals in Sudan. Specific licenses issued pursuant to this section will authorize the brokering only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix A to this part 538;

(2) Are to purchasers permitted pursuant to § 538.523;

NOTE TO PARAGRAPH (b)(2): Requests for specific licenses to provide brokerage services under this paragraph must include all of the information described in § 538.523(c).

(3) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to blocked accounts.* Payment for any brokerage fee earned pursuant to this section may not involve a debit to an account blocked pursuant to this part.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

[64 FR 41788, Aug. 2, 1999, as amended at 64 FR 58790, Nov. 1, 1999; 66 FR 36689, July 12, 2001]

### Subpart F—Reports

**§ 538.601 Records and reports.**

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

### Subpart G—Penalties

**§ 538.701 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 adjusted 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 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 10 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

## § 538.702

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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

### § 538.702 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 penalty. 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 respond.* The prepenalty notice also shall inform the respondent of respondent's 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.

### § 538.703 Response to prepenalty notice; informal settlement.

(a) *Deadline for response.* The respondent shall have 30 days from the date of mailing of the prepenalty notice to make a written response to the Director of the Office of Foreign Assets Control.

(b) *Form and contents of response.* The written response need not be in any

## 31 CFR Ch. V (7-1-02 Edition)

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 respondent believes the penalty should not be imposed or, if imposed, why it should be in a lesser amount than proposed.

(c) *Informal settlement.* In addition or as an alternative to a written response to a prepenalty notice pursuant to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent is not required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30-day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

### § 538.704 Penalty imposition or withdrawal.

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

(b) *Violation.* If, after considering any response to the prepenalty notice, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director promptly shall issue a written notice of

the imposition of the monetary penalty to the respondent.

(1) The penalty notice shall inform the respondent that payment of the assessed penalty must be made within 30 days of the mailing of the penalty notice.

(2) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collection and reporting on any delinquent penalty amount in the event of a failure to pay the penalty imposed.

**§ 538.705 Administrative collection; referral to United States Department of Justice.**

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the mailing of the written notice of the imposition of the penalty, the matter may be referred for administrative collection measures by the Department of the Treasury or 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**

**§ 538.801 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 subpart D of part 501 of this chapter.

**§ 538.802 Delegation by the Secretary of the Treasury.**

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 13067 (3 CFR, 1997 Comp., p. 230), and any further Executive orders relating to the national emergency declared with respect to Sudan in Executive Order 13067, may be taken by the Director of the Office of Foreign Assets Control, or by any

other person to whom the Secretary of the Treasury has delegated authority so to act.

**Subpart I—Paperwork Reduction Act**

**§ 538.901 Paperwork Reduction Act notice.**

The information collection requirements in §§ 538.506 and 538.521 have been approved by the Office of Management and Budget (“OMB”) and assigned control number 1505–0169. For approval by OMB under the Paperwork Reduction Act of other information collections relating to recordkeeping 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.

**APPENDIX A TO PART 538—BULK AGRICULTURAL COMMODITIES**

**Notes:**

1. Appendix A sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 538.524.

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

**Pt. 539**

HTS Number	Commodity
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

[65 FR 41789, Aug. 2, 1999]

**PART 539—WEAPONS OF MASS DESTRUCTION TRADE CONTROL REGULATIONS**

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

Sec.  
539.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

539.201 Prohibited importation of goods, technology, or services.  
539.202 Prohibition on import-related transactions.  
539.203 Evasions; attempts; conspiracies.  
539.204 Exempt transactions.

**Subpart C—General Definitions**

539.301 Designated foreign person.  
539.302 Effective date.  
539.303 Entity.  
539.304 Entity owned or controlled by a person listed in appendix I to this part.  
539.305 General license.  
539.306 Goods, technology, or services produced or provided by a designated foreign person.  
539.307 Importation into the United States.

**31 CFR Ch. V (7–1–02 Edition)**

539.308 Information or informational materials.  
539.309 License.  
539.310 Person.  
539.311 Specific license.  
539.312 United States.  
539.313 United States person; U.S. person.

**Subpart D—Interpretations**

539.401 Reference to amended sections.  
539.402 Effect of amendment.  
539.403 Transactions incidental to a licensed transaction.  
539.404 Transshipments through the United States prohibited.  
539.405 Importation of goods or technology from third countries.  
539.406 Importation into and release from a bonded warehouse or foreign trade zone.

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

539.501 General and specific licensing procedures.  
539.502 Effect of license.  
539.503 Exclusion from licenses.  
539.504 Departments and agencies of the United States Government.

**Subpart F—Reports**

539.601 Records and reports.

**Subpart G—Penalties**

539.701 Penalties.  
539.702 Prepenalty notice.  
539.703 Response to prepenalty notice; informal settlement.  
539.704 Penalty imposition or withdrawal.  
539.705 Administrative collection; referral to United States Department of Justice.

**Subpart H—Procedures**

539.801 Procedures.  
539.802 Delegation by the Secretary of the Treasury.

**Subpart I—Paperwork Reduction Act**

539.901 Paperwork Reduction Act notice.

**APPENDIX I TO PART 539—DESIGNATED FOREIGN PERSONS**

AUTHORITY: 3 U.S.C. 301; 22 U.S.C. 2751–2799aa–2; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; E.O. 12938, 59 FR 59099, 3 CFR, 1994 Comp., p. 950; E.O. 13094, 63 FR 40803, 3 CFR, 1998 Comp., p. 200.

SOURCE: 64 FR 8716, Feb. 23, 1999, unless otherwise noted.

**Subpart A—Relation of This Part to Other Laws and Regulations****§ 539.101 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 provisions of which apply to this part. 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. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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 contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

**Subpart B—Prohibitions****§ 539.201 Prohibited importation of goods, technology, or services.**

Except as otherwise authorized, the importation into the United States, on or after the effective date, directly or indirectly, of any goods, technology, or services produced or provided by a designated foreign person, other than information or informational materials, is prohibited.

**§ 539.202 Prohibition on import-related transactions.**

Except as otherwise authorized, no United States person may finance, act as broker for, transfer, transport, or otherwise participate in the importation into the United States on or after the effective date of any goods, technology, or services produced or provided by a designated foreign person, other than information or informational materials.

**§ 539.203 Evasions; attempts; conspiracies.**

Any transaction by any United States person or within the United States on or after the effective date that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this part is prohibited. Any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is prohibited.

**§ 539.204 Exempt transactions.**

(a) *Personal communications.* The prohibitions contained in this part do not apply to any postal, telegraphic, telephonic, or other personal communication, which does not involve the transfer of anything of value.

(b) *Information or informational materials.* (1) The prohibitions contained in this part do not apply to the importation from any country, or to the exportation to any country, whether commercial or otherwise, regardless of format or medium of transmission, of any information or informational materials as defined in § 539.308, or any transaction directly incident to such importation or exportation.

(2) Paragraph (b)(1) of this section does not exempt from regulation or authorize transactions related to information or informational materials not fully created and in existence at the date of the transaction, or to the substantive or artistic alteration or enhancement of information or informational materials, or to the provision of marketing and business consulting services. Examples of prohibited transactions include, but are not limited to, payment of advances for information or informational materials not yet created and completed (with the exception of prepaid subscriptions for mass-market magazines and other periodical publications that are widely-circulated); importation into the United States of services to market, produce or co-produce, create, or assist in the creation of information or informational materials; and payment of royalties to a designated foreign person with respect to income received for enhancements or alterations made by U.S. persons to informational or informational

## § 539.301

materials imported from a designated foreign person.

(3) Paragraph (b)(1) of this section does not exempt from regulation or authorize the importation into the United States of or transactions incident to the importation into the United States or leasing of telecommunications transmission facilities (such as satellite links or dedicated lines) for use in the transmission of any data.

(c) *Travel.* The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages.

### Subpart C—General Definitions

#### § 539.301 Designated foreign person.

The term *designated foreign person* means any person determined by the Secretary of State pursuant to section 4(a) of Executive Order 12938 of November 14, 1994 (59 FR 59099, 3 CFR, 1994 Comp., p. 950), as amended by section 1(a) of Executive Order 13094 of July 28, 1998 (63 FR 40803, July 30, 1998), to be subject to import measures. Designated foreign persons are any persons listed in appendix I to this part and any entities owned or controlled by any person listed in appendix I to this part unless otherwise indicated in appendix I to this part.

#### § 539.302 Effective date.

The term *effective date* means the “effective date” specified in the relevant FEDERAL REGISTER notice issued by the Department of State identifying a designated foreign person. This date is listed after the name of each designated foreign person in appendix I to this part.

#### § 539.303 Entity.

The term *entity* means a partnership, association, trust, joint venture, corporation, or other organization.

## 31 CFR Ch. V (7–1–02 Edition)

#### § 539.304 Entity owned or controlled by a person listed in appendix I to this part.

The term *entity owned or controlled by a person listed in appendix I to this part* includes any subsidiaries and branches, wherever located, of entities listed in appendix I to this part, any successors to such entities, and any persons acting or purporting to act for or on behalf of any of the foregoing.

#### § 539.305 General license.

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

#### § 539.306 Goods, technology, or services produced or provided by a designated foreign person.

With respect to the prohibitions in §§ 539.201 and 539.202, the term *goods, technology, or services produced or provided by a designated foreign person* includes but is not limited to the following:

(a) Goods grown, manufactured, extracted, or processed by a designated foreign person;

(b) Technology developed, owned, licensed, or otherwise controlled by a designated foreign person;

(c) Services performed by or on behalf of a designated foreign person, or by a third party under contract, directly or indirectly, to a designated foreign person, regardless of location.

#### § 539.307 Importation into the United States.

The term *importation into the United States* means:

(a) With respect to goods or technology, the bringing of any goods or technology into the United States, except that in the case of goods or technology being transported by vessel, *importation into the United States* means the bringing of any goods or technology into the United States with the intent to unlade. See also § 539.404.

(b) With respect to services, the receipt in the United States of services or of the benefit of services wherever such services may be performed. The benefit of services is received in the United States if the services are:

(1) Performed on behalf of or for the benefit of a person located in the United States;

(2) Received by a person located in the United States;

(3) Received by a person located outside the United States on behalf of or for the benefit of an entity organized in the United States; or

(4) Received by an individual temporarily located outside the United States for the purpose of obtaining such services for use in the United States.

(c) The following example illustrates the provisions of paragraph (b) of this section:

*Example:* An employee of an entity organized in the United States may not, without specific authorization from the Office of Foreign Assets Control, receive from a designated foreign person consulting services for use in the United States.

**§ 539.308 Information or informational materials.**

(a) For purposes of this part, the term *information or informational materials* includes, but is not limited to, publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

(b) To be considered information or informational materials, artworks must be classified under chapter heading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

**§ 539.309 License.**

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

**§ 539.310 Person.**

The term *person* means an individual or entity.

**§ 539.311 Specific license.**

The term *specific license* means any license not set forth in this part but issued pursuant to this part.

**§ 539.312 United States.**

The term *United States* means the United States, its territories and pos-

sessions, and all areas under the jurisdiction or authority thereof.

**§ 539.313 United States person; U.S. person.**

The term *United States person or U.S. person* means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States.

**Subpart D—Interpretations**

**§ 539.401 Reference to amended sections.**

Except as otherwise specified, reference to any provision in or appendix to this part or chapter or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part refers to the same as currently amended.

**§ 539.402 Effect of amendment.**

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter 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 does not affect any act done or omitted, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

**§ 539.403 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect to the licensed transaction is also authorized by the license. Except as specifically authorized by the terms of the license, prohibited transactions involving designated foreign persons not named in the license are not considered incidental to a licensed transaction and therefore remain prohibited.

**§ 539.404 Transshipments through the United States prohibited.**

(a) The prohibitions in §§ 539.201 and 539.202 apply to the importation into the United States, for transshipment or transit, of goods, technology, or services produced or provided by a designated foreign person that are intended or destined for third countries.

(b) In the case of goods or technology transported by vessel, the prohibitions in §§ 539.201 and 539.202 apply to the unloading in the United States and the intent to unlade in the United States of goods or technology produced or provided by a designated foreign person that is intended or destined for third countries.

**§ 539.405 Importation of goods or technology from third countries.**

Importation into the United States from third countries of goods or technology is prohibited if undertaken with knowledge or reason to know that those goods contain raw materials or components produced or provided by a designated foreign person or technology produced or provided by a designated foreign person.

**§ 539.406 Importation into and release from a bonded warehouse or foreign trade zone.**

The prohibitions in §§ 539.201 and 539.202 apply to importation into a bonded warehouse or a foreign trade zone of the United States.

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

**§ 539.501 General and specific licensing procedures.**

For provisions relating to licensing procedures, see part 501, subpart D, 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.

**§ 539.502 Effect of license.**

(a) No license contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control pursuant to

this part, authorizes or validates any transaction effected prior to the issuance of the license, unless the prior transaction is specifically authorized in such license.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited by 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 authorizes 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 by this part has the effect of removing from the transaction a prohibition or prohibitions contained in this part, 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 that would not otherwise exist under ordinary principles of law in or with respect to any property.

**§ 539.503 Exclusion from licenses.**

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 conferred by any license. The Director of the Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

**§ 539.504 Departments and agencies of the United States Government.**

(a) Departments and agencies of the United States Government may by written authorization signed by the head of the Department or Agency or his designee provide for:



(1) Procurement contracts necessary to meet U.S. operational military requirements or requirements under defense production agreements; intelligence requirements; sole source suppliers, spare parts, components, routine servicing and maintenance of products for the United States Government; and medical and humanitarian items; and

(2) Performance pursuant to contracts in force as of 12:01 a.m. EDT, July 29, 1998, under appropriate circumstances.

(b) Such written authorization shall:

(1) Include details about the goods, technology, and services which have been approved for importation; the rationale for such approval; and 24-hour-a-day contact information for the approving official or designee for use by the U.S. Customs Service should questions arise about an approved import;

(2) Be in the form of license, regulation, order, directive, or exception;

(3) Include information about the results of prior written consultation with the Under Secretary of State for Arms Control and International Security Affairs (through the Office of Chemical, Biological and Missile Nonproliferation and the Office of the Assistant Legal Adviser for Political-Military Affairs); and

(4) Be provided to U.S. Customs Service officials upon the importation of any goods or technology covered by an authorization described in paragraph (a) of this section in a form which clearly establishes that the imported goods or technology is covered by the authorization.

### Subpart F—Reports

#### § 539.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C, of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

### Subpart G—Penalties

#### § 539.701 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 adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that:

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

(2) Whoever willfully violates or willfully attempts to violate any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000, and if a natural person, may also be imprisoned for not more than 10 years; 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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

**§ 539.702 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, the Director shall issue to the person concerned a notice of intent to impose a monetary penalty. This 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 respond.* The prepenalty notice also shall inform the respondent of respondent's right to make a written presentation within 30 days of the date of mailing of the notice as to why a monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

**§ 539.703 Response to prepenalty notice; informal settlement.**

(a) *Deadline for response.* The respondent shall have 30 days from the date of mailing of the prepenalty notice to make a written response to the Director of the Office of Foreign Assets Control.

(b) *Form and contents of response.* The written response need not be in any particular form, but must 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 respondent believes the penalty should not be imposed or why, if imposed, it should be in a lesser amount than proposed.

(c) *Informal settlement.* In addition or as an alternative to a written response to a prepenalty notice issued pursuant

to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent is not required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30-day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

**§ 539.704 Penalty imposition or withdrawal.**

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

(b) *Violation.* If, after considering any response to a prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director promptly shall issue a written notice of the imposition of the monetary penalty to the respondent.

(1) The penalty notice shall inform the respondent that payment of the assessed penalty must be made within 30 days of the date of mailing of the penalty notice.

(2) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C.

7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

**§ 539.705 Administrative collection; referral to United States Department of Justice.**

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of the penalty notice, the matter may be referred for administrative collection measures by the Department of the Treasury or 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**

**§ 539.801 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 D, of this chapter.

**§ 539.802 Delegation by the Secretary of the Treasury.**

Any action that the Secretary of the Treasury is authorized to take pursuant to Executive Order 12938 of November 14, 1994 (59 FR 59099, 3 CFR, 1994 Comp., p. 950), as amended by Executive Order 13094 of July 28, 1998 (63 FR 40803, July 30, 1998), and any further Executive orders relating to the national emergency declared in Executive Order 12938 may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

**Subpart I—Paperwork Reduction Act**

**§ 539.901 Paperwork Reduction Act notice.**

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of 1995

(44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures (including those pursuant to statements of licensing policy), and 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.

**APPENDIX I TO PART 539—DESIGNATED FOREIGN PERSONS**

The following foreign persons have been determined by the Secretary of State to have materially contributed or attempted to contribute materially to the efforts of a foreign country, project, or entity of proliferation concern to use, acquire, design, develop, produce, or stockpile weapons of mass destruction or missiles capable of delivering such weapons, for purposes of section 4(a) of Executive Order 12938, as amended by section 1(a) of Executive Order 13094, and to be subject to import measures authorized in Executive Orders 12938 and 13094. They, and any entities owned or controlled by them, unless indicated otherwise, are designated foreign persons for purposes of this part. The applicable effective date and citation to the FEDERAL REGISTER for each such person is given in brackets after that person’s name and identifying information:

1. Baltic State Technical University, including at 1/21, 1-ya Krasnoarmeiskaya Ul., 198005 St. Petersburg, Russia [July 30, 1998; 63 FR 42089, August 6, 1998].
2. Europalace 2000, including at Moscow, Russia [July 30, 1998; 63 FR 42089, August 6, 1998].
3. Glavkosmos, including at 9 Krasno proletarskaya St., 103030 Moscow, Russia [July 30, 1998; 63 FR 42089, August 6, 1998].
4. Grafite, also known as (“aka”) State Scientific Research Institute of Graphite or NIIGRAFITE, including at 2 Ulitsa Elektrodnyaya, 111524 Moscow, Russia [July 30, 1998; 63 FR 42089, August 6, 1998].
5. MOSO Company, including at Moscow, Russia [July 30, 1998; 63 FR 42089, August 6, 1998].
6. D. Mendeleev University of Chemical Technology of Russia, including at 9 Miusskaya Sq., Moscow 125047, Russia [January 8, 1999; 64 FR 2935, January 19, 1999].
7. Moscow Aviation Institute (MAI), including at 4 Volokolamskoye Shosse, Moscow 125871, Russia [January 8, 1999; 64 FR 2935, January 19, 1999].
8. The Scientific Research and Design Institute of Power Technology, aka NIKIET, Research and Development Institute of

**Pt. 540**

Power Engineering [RDIPE], and ENTEK, including at 101000, P.O. Box 788, Moscow, Russia.

[64 FR 8716, Feb. 23, 1999, as amended at 66 FR 57381, Nov. 15, 2001]

**PART 540—HIGHLY ENRICHED URANIUM (HEU) AGREEMENT ASSETS CONTROL REGULATIONS**

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

Sec.

540.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

540.201 Prohibited transactions involving blocked property.

540.202 Effect of transfers violating the provisions of this part.

540.203 Holding of funds in interest-bearing accounts; investment and reinvestment.

**Subpart C—General Definitions**

540.301 Blocked account; blocked property.

540.302 Effective date.

540.303 Entity.

540.304 Government of the Russian Federation.

540.305 HEU Agreements.

540.306 Highly Enriched Uranium (HEU).

540.307 Licenses; general and specific.

540.308 Low Enriched Uranium (LEU).

540.309 Natural uranium.

540.310 Person.

540.311 Property; property interest.

540.312 Transfer.

540.313 United States.

540.314 United States person; U.S. person.

540.315 Uranium-235 (U235).

540.316 Uranium enrichment.

540.317 Uranium feed; natural uranium feed.

540.318 Uranium Hexafluoride (UF<sub>6</sub>).

540.319 U.S. financial institution.

**Subpart D—Interpretations**

540.401 Reference to amended sections.

540.402 Effect of amendment.

540.403 Termination and acquisition of an interest in blocked property.

540.404 Setoffs prohibited.

540.405 Transactions incidental to a licensed transaction.

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

540.501 Effect of license or authorization.

540.502 Exclusion from licenses.

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

**31 CFR Ch. V (7–1–02 Edition)**

540.504 Entries in certain accounts for normal service charges authorized.

**Subpart F—Reports**

540.601 Records and reports.

**Subpart G—Penalties**

540.701 Penalties.

540.702 Prepenalty notice.

540.703 Response to prepenalty notice; informal settlement.

540.704 Penalty imposition or withdrawal.

540.705 Administrative collection; referral to United States Department of Justice.

**Subpart H—Procedures**

540.801 Procedures.

540.802 Delegation by the Secretary of the Treasury.

**Subpart I—Paperwork Reduction Act**

540.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 13159, 65 FR 39279, 3 CFR Comp., p. 277.

SOURCE: 66 FR 38555, July 25, 2001, unless otherwise noted.

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

**§ 540.101 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. 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. Differing foreign policy and national security circumstances may result in differing interpretations of similar language among the parts of this chapter. 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) Nothing contained in these regulations shall relieve a person from any

requirement to obtain a license or other authorization from any department or agency of the United States Government in compliance with applicable laws and regulations subject to the jurisdiction of that department or agency, and no license contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 540.201 Prohibited transactions involving blocked property.

(a) Except as otherwise authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, the property or property interests of the Government of the Russian Federation that are directly related to the implementation of the Highly Enriched Uranium (HEU) Agreements, 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 are blocked and may not 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 part, any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any blocked property or interest in blocked property covered by this part.

#### § 540.202 Effect of transfers violating the provisions of this part.

(a) Any transfer after the effective date (see § 540.302) that is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, or license issued pursuant to this part, and that involves any property or interest in property blocked pursuant to § 540.201(a) 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 or property interests.

(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

any interest in, any property or interest in property blocked pursuant to § 540.201, unless the person with whom such property is held or maintained, prior to that 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, this part, and any regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(d) The Director of the Office of Foreign Assets Control may, in his discretion, retroactively license a transfer of property that is null and void or unenforceable by virtue of the provisions of this section so that such a transfer 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 issued 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 withholding of material facts or was otherwise fraudulently obtained; and

(3) The person with whom such property was held or maintained filed with the Office of Foreign Assets Control a

## § 540.203

report setting forth in full the circumstances relating to such transfer 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 issued pursuant to this part;

(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 withholding of material facts or was otherwise fraudulently obtained.

NOTE TO PARAGRAPH (d) OF § 540.202: The filing of a report in accordance with the provisions of paragraph (d)(3) of this section shall not be deemed evidence that the terms of paragraphs (d)(1) and (d)(2) of this section have been satisfied.

### **§ 540.203 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraphs (c) or (d) of this section, or as otherwise directed by the Office of Foreign Assets Control, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations subject to § 540.201 shall hold or place such funds in a blocked interest-bearing account located in the United States.

(b)(1) For purposes of this section the term blocked interest-bearing account means a blocked account:

(i) In a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates which are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, provided the funds are invested in a money market fund or U.S. Treasury Bills.

(2) For purposes of this section, a rate is commercially reasonable if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(3) Funds held or placed in a blocked account pursuant to this paragraph (b) may not be invested in instruments the maturity of which exceeds 180 days. If

## 31 CFR Ch. V (7-1-02 Edition)

interest is credited to a separate blocked account or sub-account, the name of the account party on each account must be the same.

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 540.201 may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (b) or (d) of this section.

(d) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject to § 540.201 may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates which are commercially reasonable.

(e) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such property at the time the property becomes subject to § 540.201. However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales in appropriate cases.

(f) Except as otherwise licensed, authorized or directed by OFAC, funds subject to this section may not be invested, used for collateral or reinvested in a manner which provides immediate financial or economic benefit or access to the Government of the Russian Federation or its entities, nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

### **Subpart C—General Definitions**

#### **§ 540.301 Blocked account; blocked property.**

The terms blocked account and blocked property shall mean any account or property subject to the prohibition in § 540.201 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 the Office of Foreign Assets Control expressly authorizing such action.

**§ 540.302 Effective date.**

The term effective date refers to the effective date of the applicable prohibitions and directives contained in this part which is 12:01 a.m., Eastern Daylight Time, June 22, 2000.

**§ 540.303 Entity.**

The term entity means a partnership, association, trust, joint venture, corporation, or other organization.

**§ 540.304 Government of the Russian Federation.**

(a) The term Government of the Russian Federation means the Government of the Russian Federation, any political subdivision, agency, or instrumentality thereof, and any person owned or controlled by, or acting for or on behalf of, the Government of the Russian Federation.

(b) Any person or entity to the extent such person or entity is or has been, or to the extent that there is reasonable cause to believe that such person or entity is, or has been, since the effective date (see § 540.302), acting or purporting to act directly or indirectly for or on behalf of any of the foregoing.

**§ 540.305 HEU Agreements.**

The term HEU Agreements means the Agreement Between the Government of the United States of America and the Government of the Russian Federation Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons, dated February 18, 1993; the Initial Implementing Contract, Contract Number DE-AC01-93NE50067, dated January 14, 1994; and all current and future amendments thereto; as well as the related current and future implementing agreements, memoranda of understanding, protocols, and contracts, including all current and future amendments thereto, to include without limitation the following:

(a) Memorandum of Agreement Between the United States, Acting By and Through the United States Department of State, and the United States Department of Energy and the United States Enrichment Corporation (USEC), for USEC to Serve as the United States Government's Executive Agent under the Agreement Between

the United States and the Russian Federation Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons, dated April 18, 1997;

(b) Agreement Between the United States Department of Energy and the Ministry of the Russian Federation for Atomic Energy Concerning the Transfer of Source Material to the Russian Federation signed at Washington on March 24, 1999, with Implementing Agreement and Administrative Arrangement, dated March 24, 1999, and related letter agreements; and

(c) UF6 Feed Component Implementing Contract Among Cameco Europe S.A. and Compagnie Général des Matières Nucléaires and Nukem, Inc. and Nukem Nuklear GmbH and OAO Techsnabexport, and Tenex Contract # 08843672/90100-02D, dated March 24, 1999.

**§ 540.306 Highly Enriched Uranium (HEU).**

The term highly enriched uranium or HEU means uranium enriched to twenty (20) percent or greater in the isotope U235.

**§ 540.307 Licenses; general and specific.**

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

(b) The term general license means any license or authorization the terms of which are set forth in subpart E of this part.

(c) The term specific license means any license or authorization not set forth in subpart E of this part but issued pursuant to this part.

NOTE TO § 540.307. See § 501.801 of this chapter on licensing procedures.

**§ 540.308 Low Enriched Uranium (LEU).**

The term low enriched uranium or LEU means uranium enriched to less than twenty (20) percent in the isotope U235.

**§ 540.309 Natural uranium.**

The term natural uranium means uranium found in nature, with an average concentration of 0.711 percent by weight of the isotope U235.

## § 540.310

## 31 CFR Ch. V (7-1-02 Edition)

### § 540.310 Person.

The term person means an individual or entity.

### § 540.311 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, guarantees, 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, copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, services of any nature whatsoever, contracts of whatever nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interests therein, present, future, or contingent.

### § 540.312 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 making of any payment; the setting off

of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

### § 540.313 United States.

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

### § 540.314 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.

### § 540.315 Uranium-235 (U235).

The term uranium-235 or U235 means the fissile isotope found in natural uranium.

### § 540.316 Uranium enrichment.

The term uranium enrichment means the process of increasing the concentration of the isotope U235 relative to that of the isotope U238.

### § 540.317 Uranium feed; natural uranium feed.

The term uranium feed or natural uranium feed means natural uranium in the form of UF<sub>6</sub> suitable for uranium enrichment.

### § 540.318 Uranium Hexafluoride (UF<sub>6</sub>).

The term uranium hexafluoride or UF<sub>6</sub> means a compound of uranium and fluorine.



**§ 540.319 U.S. financial institution.**

The term U.S. financial institution means any U.S. entity (including its 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 that are located in the United States, but not such institutions' foreign branches, offices, or agencies.

**Subpart D—Interpretations****§ 540.401 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.

**§ 540.402 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, 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 continue and may be en-

forced as if such amendment, modification, or revocation had not been made.

**§ 540.403 Termination and acquisition of an interest in blocked property.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from the Government of the Russian Federation, such property shall no longer be deemed to be property in which the Government of the Russian Federation has or has had an interest unless there exists in the property another interest of the Government of the Russian Federation, 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 the Russian Federation, such property shall be deemed to be property in which there exists an interest of the Government of the Russian Federation.

**§ 540.404 Setoffs prohibited.**

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 540.201 if effected after the effective date (see § 540.302).

**§ 540.405 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except for any attachment, judgment, decree, lien, execution, garnishment, or other judicial process which has the effect of encumbering the property or interest in property of the Government of the Russian Federation directly related to the implementation of the HEU agreements, or any transaction involving a debit to a blocked account or transfer of blocked property not explicitly authorized within the terms of a license.

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

#### § 540.501 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, authorizes or validates 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 contained in this part 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.

#### § 540.502 Exclusion from licenses.

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 conferred by any license. The Director of the Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

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

Except as otherwise authorized, licensed or directed by the Office of Foreign Assets Control, any payment of funds or transfer of credit in which the Government of the Russian Federation has any interest that is directly related to the implementation of the HEU Agreements and that comes within the possession or control of a U.S. financial institution must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be made to another blocked account held in the same name. U.S. financial institutions are authorized to engage in routine currency exchange transfers involving funds directly associated with the implementation of the HEU agreements that flow through correspondence accounts in U.S. financial institutions.

NOTE TO § 540.503. Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 501.203 concerning the obligation to hold blocked funds in interest-bearing accounts.

#### § 540.504 Entries in certain accounts for normal service charges authorized.

(a) A U.S. financial institution is authorized to debit any blocked account held by that financial institution in payment or reimbursement for normal service charges owed to it by the owner of the blocked account.

(b) As used in this section, the term normal service charge shall include charges in payment or reimbursement for interest due; cable, telegraph, internet, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photocopies, credit reports, transcripts of statements, registered

mail, insurance, stationery and supplies, and other similar items.

### Subpart F—Reports

#### § 540.601 Records and reports.

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

### Subpart G—Penalties

#### § 540.701 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 adjusted 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 not to exceed \$11,000 per violation may be imposed on any person who violates or attempts to violate any license, order, or regulation issued under the Act;

(2) Whoever willfully violates or willfully attempts to violate any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000, and if a natural person, may also be imprisoned for not more than 10 years; 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 the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device, a material fact, or makes any materially false, fictitious, or fraudulent statement or representation or makes or uses any false writing or document knowing the

same to contain any materially 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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

#### § 540.702 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, the Director shall notify the alleged violator of the agency’s intent to impose a monetary penalty by issuing a prepenalty notice. The prepenalty notice shall be in writing. The prepenalty notice may be issued whether or not another agency has taken any action with respect to the matter.

(b) Contents of notice—(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 respond. The prepenalty notice also shall inform the respondent of respondent’s right to make a written presentation within the applicable 30 day period set forth in § 540.703 as to why a monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

(c) Informal settlement prior to issuance of prepenalty notice. At any time prior to the issuance of a prepenalty notice, an alleged violator may request in writing that, for a period not to exceed sixty (60) days, the agency withhold issuance of the prepenalty notice for the exclusive purpose of effecting settlement of the agency’s potential civil monetary penalty claims. In the event the Director grants the request, under terms and

## § 540.703

## 31 CFR Ch. V (7-1-02 Edition)

conditions within his discretion, the Office of Foreign Assets Control will agree to withhold issuance of the prepenalty notice for a period not to exceed 60 days and will enter into settlement negotiations of the potential civil monetary penalty claim.

### **§ 540.703 Response to prepenalty notice; informal settlement.**

(a) Deadline for response. The respondent may submit a response to the prepenalty notice within the applicable 30 day period set forth in this paragraph. The Director may grant, at his discretion, an extension of time in which to submit a response to the prepenalty notice. The failure to submit a response within the applicable time period set forth in this paragraph shall be deemed to be a waiver of the right to respond.

(1) Computation of time for response. A response to the prepenalty notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier) on or before the 30th day after the postmark date on the envelope in which the prepenalty notice was mailed. If the respondent refused delivery or otherwise avoided receipt of the prepenalty notice, a response must be postmarked or date-stamped on or before the 30th day after the date on the stamped postal receipt maintained at the Office of Foreign Assets Control. If the prepenalty notice was personally delivered to the respondent by a non-U.S. Postal Service agent authorized by the Director, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

(2) Extensions of time for response. If a due date falls on a federal holiday or weekend, that due date is extended to include the following business day. Any other extensions of time will be granted, at the Director's discretion, only upon the respondent's specific request to the Office of Foreign Assets Control.

(b) Form and method of response. The response must be submitted in writing and may be handwritten or typed. The response need not be in any particular form. A copy of the written response may be sent by facsimile, but

the original must also be sent to the Office of Foreign Assets Control Civil Penalties Division by mail or courier and must be postmarked or date-stamped, in accordance with paragraph (a) of this section.

(c) Contents of response. A written response must contain information sufficient to indicate that it is in response to the prepenalty notice.

(1) A written response must include the respondent's full name, address, telephone number, and facsimile number, if available, or those of the representative of the respondent.

(2) A written response should either admit or deny each specific violation alleged in the prepenalty notice and also state if the respondent has no knowledge of a particular violation. If the written response fails to address any specific violation alleged in the prepenalty notice, that alleged violation shall be deemed to be admitted.

(3) A written response should include any information in defense, evidence in support of an asserted defense, or other factors that the respondent requests the Office of Foreign Assets Control to consider. Any defense or explanation previously made to the Office of Foreign Assets Control or any other agency must be repeated in the written response. Any defense not raised in the written response will be considered waived. The written response should also set forth the reasons why the respondent believes the penalty should not be imposed or why, if imposed, it should be in a lesser amount than proposed.

(d) Default. If the respondent elects not to submit a written response within the time limit set forth in paragraph (a) of this section, the Office of Foreign Assets Control will conclude that the respondent has decided not to respond to the prepenalty notice. The agency generally will then issue a written penalty notice imposing the penalty proposed in the prepenalty notice.

(e) Informal settlement. In addition to or as an alternative to a written response to a prepenalty notice, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the

prepenalty notice and related matters. However, the requirements set forth in paragraph (f) of this section as to oral communication by the representative must first be fulfilled. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent will not be required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the time limit specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

(f) Representation. A representative of the respondent may act on behalf of the respondent, but any oral communication with the Office of Foreign Assets Control prior to a written submission regarding the specific allegations contained in the prepenalty notice must be preceded by a written letter of representation, unless the prepenalty notice was served upon the respondent in care of the representative.

**§ 540.704 Penalty imposition or withdrawal.**

(a) No violation. If, after considering any response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent named in the prepenalty notice, the Director shall notify the respondent in writing of that determination and the cancellation of the proposed monetary penalty.

(b) Violation. (1) If, after considering any written response to the prepenalty notice, or default in the submission of a written response, and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director is authorized to issue a written penalty notice to the respondent of the

determination of violation and the imposition of the monetary penalty.

(2) The penalty notice shall inform the respondent that payment or arrangement for installment payment of the assessed penalty must be made within 30 days of the date of mailing of the penalty notice by the Office of Foreign Assets Control.

(3) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

(4) The issuance of the penalty notice finding a violation and imposing a monetary penalty shall constitute final agency action. The respondent has the right to seek judicial review of that final agency action in a federal district court.

**§ 540.705 Administrative collection; referral to United States Department of Justice.**

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of the penalty notice, the matter may be referred for administrative collection measures by the Department of the Treasury or 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**

**§ 540.801 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 subpart D of part 501 of this chapter.

**§ 540.802 Delegation by the Secretary of the Treasury.**

Any action that the Secretary of the Treasury is authorized to take pursuant to Executive Order 13159 of June 21,

## § 540.901

2000 (65 FR 39279, June 26, 2000) and any further executive orders relating to the national emergency declared in Executive Order 13159 may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

### Subpart I—Paperwork Reduction Act

#### § 540.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures (including those pursuant to statements of licensing policy), and 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.

## PART 545—TALIBAN (AFGHANISTAN) SANCTIONS REGULATIONS

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

Sec.

545.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

545.201 Prohibited transactions involving blocked property.  
545.202 Effect of transfers violating the provisions of this part.  
545.203 Holding of funds in interest-bearing accounts; investment and reinvestment.  
545.204 Prohibited exportation, reexportation, sale, or supply of goods, software, technology, or services.  
545.205 Prohibited importation of goods, software, technology, or services.  
545.206 Evasions; attempts; conspiracies.  
545.207 Expenses of maintaining blocked property; liquidation of blocked accounts.  
545.208 Exempt transactions.

### Subpart C—General Definitions

545.301 Blocked account; blocked property.  
545.302 Effective date.  
545.303 Entity.

## 31 CFR Ch. V (7–1–02 Edition)

545.304 Importation into the United States.  
545.305 Information or informational materials.  
545.306 Interest.  
545.307 Licenses; general and specific.  
545.308 Person.  
545.309 Property; property interest.  
545.310 The Taliban.  
545.311 Territory of Afghanistan controlled by the Taliban.  
545.312 Transfer.  
545.313 United States.  
545.314 U.S. financial institution.  
545.315 United States person; U.S. person.

### Subpart D—Interpretations

545.401 Reference to amended sections.  
545.402 Effect of amendment.  
545.403 Transactions incidental to a licensed transaction authorized.  
545.404 Transshipment or transit through the United States prohibited.  
545.405 [Reserved]  
545.406 Exportation of services; performance of service contracts; legal services.  
545.407 Services performed in the territory of Afghanistan controlled by the Taliban.  
545.408 Offshore transactions.  
545.409 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.  
545.410 Acquisition of instruments including bankers acceptances.  
545.411 Exportation to third countries; transshipments.  
545.412 Release of goods originating in the territory of Afghanistan controlled by the Taliban from a bonded warehouse or foreign trade zone.  
545.413 Importation of goods from third countries; transshipments.  
545.414 Loans or extensions of credit.  
545.415 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.  
545.416 Termination and acquisition of an interest in blocked property.  
545.417 Setoffs prohibited.

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

545.501 Effect of license or authorization.  
545.502 Exclusion from licenses.  
545.503 Payments and transfers to blocked accounts in U.S. financial institutions.  
545.504 Entries in certain accounts for normal service charges authorized.  
545.505 Importation of goods, software, or technology exported from the territory of Afghanistan controlled by the Taliban prior to July 6, 1999.  
545.506 Importation of certain gifts authorized.  
545.507 Accompanied baggage authorized.  
545.508 Transactions related to telecommunications authorized.

**Office of Foreign Assets Control, Treasury**

**§ 545.201**

- 545.509 Transactions related to mail authorized.
- 545.510 Importation of household and personal effects authorized.
- 545.511 Registration of nongovernmental organizations for humanitarian or religious activities.
- 545.512 Payment of obligations to U.S. persons authorized.
- 545.513 Provision of certain legal services authorized.
- 545.514 Payments for services rendered by the Taliban to aircraft.
- 545.515 Certain transactions related to patents, trademarks, and copyrights authorized.
- 545.516 Certain payments to or from the territory of Afghanistan controlled by the Taliban.
- 545.517 Authorization of emergency medical services.
- 545.518 Investment and reinvestment of certain funds.
- 545.519 Payments and transfers authorized for goods and services exported to the territory of Afghanistan controlled by the Taliban prior to the effective date.
- 545.520 Noncommercial personal remittances to and from the territory of Afghanistan controlled by the Taliban.
- 545.521 Transactions related to U.S. citizens residing in the territory of Afghanistan controlled by the Taliban.
- 545.522 Operation of accounts.
- 545.523 Extensions or renewals of letters of credit authorized.
- 545.524 Extensions or renewals of loans.
- 545.525 Certain services related to participation in various events and activities authorized.
- 545.526 Certain imports for diplomatic or official personnel authorized.
- 545.527 Diplomatic pouches.

**Subpart F—Reports**

- 545.601 Records and reports.

**Subpart G—Penalties**

- 545.701 Penalties.
- 545.702 Prepenalty notice.
- 545.703 Response to prepenalty notice; informal settlement.
- 545.704 Penalty imposition or withdrawal.
- 545.705 Administrative collection; referral to United States Department of Justice.

**Subpart H—Procedures**

- 545.801 Procedures.
- 545.802 Delegation by the Secretary of the Treasury.

**Subpart I—Paperwork Reduction Act**

- 545.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 13129, 64 FR 36759, 3 CFR, 1999 Comp., p. 200.

SOURCE: 66 FR 2729, Jan. 11, 2001, unless otherwise noted.

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

**§ 545.101 Relation of this part to other laws and regulations.**

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. 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. Differing foreign policy and national security circumstances may result in differing interpretations of similar language among the parts of this chapter. 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. No license contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

**Subpart B—Prohibitions**

**§ 545.201 Prohibited transactions involving blocked property.**

(a) Except as otherwise authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, property or property interests of the following persons 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 are blocked, and may not be transferred, paid, exported, withdrawn, or otherwise dealt in:

## § 545.202

(1) The Taliban; and  
(2) Persons determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General:

(i) To be owned or controlled by, or to act for or on behalf of, the Taliban; or

(ii) To provide financial, material, or technological support for, or services in support of, any of the foregoing.

NOTE TO PARAGRAPH (A) OF § 545.201. Please refer to the appendices at the end of this chapter V for listings of persons designated pursuant to this section. Section 501.807 of this chapter V sets forth the procedures to be followed by persons seeking administrative reconsideration of their designation or who wish to assert that the circumstances resulting in designation no longer apply. Similarly, 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 to 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.

(b) Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any transaction or dealing by U.S. persons or within the United States in property or interests in property blocked pursuant to paragraph (a) of this section is prohibited, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of the Taliban or persons designated pursuant to § 545.201(a).

(c) Unless otherwise authorized by this part or by a specific license expressly referring to this section, any dealing in any security (or evidence thereof) held within the possession or control of a U.S. person and either registered or inscribed in the name of or known to be held for the benefit of any person whose property or interests in property are blocked pursuant to this section is prohibited. This prohibition includes but is not limited to the transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of any such security or the endorsement or guaranty of signatures on any such security. This prohibition applies irrespective of the fact that at any time

## 31 CFR Ch. V (7-1-02 Edition)

(whether prior to, on, or subsequent to January 11, 2001) the registered or inscribed owner of any such security may have or might appear to have assigned, transferred, or otherwise disposed of the security.

### § 545.202 Effect of transfers violating the provisions of this part.

(a) Any transfer after the effective date that is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, or license issued pursuant to this part, and that involves any property or interest in property blocked pursuant to § 545.201(a), 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 or property interests.

(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 any interest in, any property or interest in property blocked pursuant to § 545.201(a), unless the person with whom such property is held or maintained, prior to that 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 make it enforceable to the same extent that it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act, this part, and any regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(d) Transfers of property that 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 issued 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 withholding of material facts or was otherwise fraudulently obtained; and

(3) 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 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 issued pursuant to this part;

(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 withholding of material facts or was otherwise fraudulently obtained.

NOTE TO PARAGRAPH (D) OF § 545.202: The filing of a report in accordance with the provisions of paragraph (d)(3) of this section shall not be deemed evidence that the terms of paragraphs (d)(1) and (d)(2) of this section have been satisfied.

(e) Unless licensed 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 of § 545.201 there existed an interest of a person whose property or interests in property are blocked pursuant to § 545.201(a).

**§ 545.203 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraph (c) or (d) of this section, or as other-

wise directed by the Office of Foreign Assets Control, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations, subject to § 545.201(a) shall hold or place such funds in a blocked interest-bearing account located in the United States.

(b)(1) For purposes of this section, the term *blocked interest-bearing account* means a blocked account:

(i) In a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates that are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, provided the funds are invested in a money market fund or in U.S. Treasury bills.

(2) For purposes of this section, a rate is commercially reasonable if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(3) Funds held or placed in a blocked account pursuant to this paragraph (b) may not be invested in instruments the maturity of which exceeds 180 days. If interest is credited to a separate blocked account or subaccount, the name of the account party on each account must be the same.

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 545.201(a) may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (b) or (d) of this section.

(d) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject to § 545.201(a) may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates that are commercially reasonable.

(e) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such

## § 545.204

property at the time the property becomes subject to § 545.201(a). However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales in appropriate cases.

(f) Funds subject to this section may not be held, invested, or reinvested in a manner that provides immediate financial or economic benefit or access to persons whose property or interests in property are blocked pursuant to § 545.201(a), nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

### **§ 545.204 Prohibited exportation, re-exportation, sale, or supply of goods, software, technology, or services.**

Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person, wherever located, of any goods, software, technology (including technical data), or services to the territory of Afghanistan controlled by the Taliban or to the Taliban or to persons whose property or interests in property are blocked pursuant to § 545.201 is prohibited.

### **§ 545.205 Prohibited importation of goods, software, technology, or services.**

Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, the importation into the United States of any goods, software, technology, or services owned or controlled by the Taliban or persons whose property or interests in property are blocked pursuant to § 545.201 or from the territory of Afghanistan controlled by the Taliban is prohibited.

### **§ 545.206 Evasions; attempts; conspiracies.**

(a) Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any transaction by any U.S. person or within the United States on or after the effective date that evades or avoids, has

## 31 CFR Ch. V (7-1-02 Edition)

the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this part is prohibited.

(b) Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is prohibited.

### **§ 545.207 Expenses of maintaining blocked property; liquidation of blocked account.**

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or contract entered into or any license or permit granted before 12:01 a.m., Eastern Daylight Time, July 6, 1999, all expenses incident to the maintenance of physical property blocked pursuant to § 545.201 shall be the responsibility of the owners or operators of such property, which expenses shall not be met from blocked funds.

(b) Property blocked pursuant to § 545.201 may, in the discretion of the Director, Office of Foreign Assets Control, be sold or liquidated and the net proceeds placed in a blocked interest-bearing account in the name of the owner of the property.

### **§ 545.208 Exempt transactions.**

(a) *Personal communications.* The prohibitions contained in this part do not apply to any postal, telegraphic, telephonic, or other personal communication, which does not involve the transfer of anything of value.

(b) *Information or informational materials.* (1) The importation from any country and the exportation to any country of information or informational materials as defined in § 545.305, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions of this part.

(2) This section does not exempt from regulation or authorize transactions related to information and informational materials not fully created and

in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services. Such prohibited transactions include, but are not limited to, payment of advances for information and informational materials not yet created and completed (with the exception of prepaid subscriptions for widely-circulated magazines and other periodical publications); provision of services to market, produce or co-produce, create, or assist in the creation of information or informational materials; and, with respect to information or informational materials imported from persons whose property and interests in property are blocked pursuant to § 545.201 or from the territory of Afghanistan controlled by the Taliban, payment of royalties with respect to income received for enhancements or alterations made by U.S. persons to such information or informational materials.

(3) This section does not exempt or authorize transactions incident to the exportation of software subject to the Export Administration Regulations, 15 CFR parts 730–774, or to the exportation of goods, technology or software, or to the provision, sale, or leasing of capacity on telecommunications transmission facilities (such as satellite or terrestrial network connectivity) for use in the transmission of any data. The exportation of such items or services and the provision, sale, or leasing of such capacity or facilities to a person whose property or interests in property are blocked pursuant to § 545.201 are prohibited.

(c) *Travel*. The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including exportation or importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages.

(d) *Official Business*. The prohibitions contained in this part do not apply to transactions for the conduct of the official business of the United States Gov-

ernment or the United Nations by employees thereof.

(e) *Journalistic Activity*. The prohibitions contained in this part do not apply to transactions in the territory of Afghanistan controlled by the Taliban for journalistic activity by persons regularly employed in such capacity by a news-gathering organization.

(f) *Humanitarian donations*. The prohibitions contained in this part do not apply to donations by U.S. persons of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering.

### Subpart C—General Definitions

#### § 545.301 Blocked account; blocked property.

The terms *blocked account* and *blocked property*, shall mean any account or property subject to the prohibitions in § 545.201 held in the name of the Taliban or persons whose property or interests in property are blocked pursuant to § 545.201, or in which the Taliban or persons whose property or interests in property are blocked pursuant to § 545.201 have 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 the Office of Foreign Assets Control expressly authorizing such action.

#### § 545.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part which is 12:01 a.m., Eastern Daylight Time, on July 6, 1999.

#### § 545.303 Entity.

The term *entity* means a partnership, association, corporation, or other organization, group, or subgroup.

#### § 545.304 Importation into the United States.

(a) With respect to goods, software, or technology, the term *importation into the United States* means the bringing of any goods, software, or technology into the United States. However, with respect to goods, software or technology

### § 545.305

being transported by vessel, *importation into the United States* means the bringing of any goods or technology into the United States with the intent to unlade. See also § 545.404.

(b) With respect to services, the term *importation into the United States* means the receipt in the United States of services or receipt in the United States of the benefit of services wherever such services may be performed. The benefit of services is received in the United States if the services are:

(1) Performed on behalf of or for the benefit of a person located in the United States;

(2) Received by a person located in the United States;

(3) Received by a person located outside the United States on behalf of or for the benefit of an entity organized in the United States; or

(4) Received by an individual temporarily located outside the United States for the purpose of obtaining such services for use in the United States.

### § 545.305 Information or informational materials.

(a) For purposes of this part, the term *information or informational materials* includes, but is not limited to publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

NOTE TO § 545.305(A). To be considered information or informational materials, artworks must be classified under chapter heading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The term *information and informational materials* with respect to United States exports does not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420 (1979) (the "EAA"), or section 6 of the EAA to the extent that such controls promote the nonproliferation or antiterrorism policies of the United States; or

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

### § 545.306 Interest.

Except as otherwise provided in this part, the term *interest* when used with

### 31 CFR Ch. V (7-1-02 Edition)

respect to property (e.g., "an interest in property") means an interest of any nature whatsoever, direct or indirect.

### § 545.307 Licenses; general and specific.

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

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

(c) The term *specific license* means any license or authorization not set forth in subpart E of this part but issued pursuant to this part.

NOTE TO § 545.307: See § 501.801 of this chapter on licensing procedures.

### § 545.308 Person.

The term *person* means an individual or entity.

### § 545.309 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, guarantees, 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

**Office of Foreign Assets Control, Treasury**

**§ 545.314**

property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

**§ 545.310 The Taliban.**

(a) For purposes of this part, the term *the Taliban* includes:

(1) The political/military entity headquartered in Kandahar, Afghanistan that as of July 4, 1999, exercised de facto control over the territory of Afghanistan, described in § 545.310(a);

(2) Its agencies and instrumentalities;

(3) The Taliban leaders listed in the Annex to Executive Order 13129 (see appendix A of this chapter) and such additional leaders as may be designated by the Secretary of State in consultation with the Secretary of the Treasury and the Attorney General in accordance with section 4(c) of Executive Order 13129; and

(4) Persons designated pursuant to § 545.201(a)(2).

NOTE TO § 545.310. The Taliban is also known as the "Taleban," "Islamic Movement of Taliban," "the Taliban Islamic Movement," "Talibano Islami Tahrik," and "Tahrike Islami'a Taliban."

**§ 545.311 Territory of Afghanistan controlled by the Taliban.**

The term *territory of Afghanistan controlled by the Taliban* means the territory referred to as the "Islamic Emirate of Afghanistan," known in Pashtun as "de Afghanistan Islami Emarat" or in Dari as "Emarat Islami-e Afghanistan," including:

(a) As of July 4, 1999, the following provinces of the country of Afghanistan: Kandahar, Farah, Helmund, Nimruz, Herat, Badghis, Ghowr, Oruzghon, Zabol, Paktiha, Ghazni, Nangarhar, Lowgar, Vardan, Faryab, Jowlan, Balkh, and Paktika; and

(b) Thereafter, the description of the term *territory of Afghanistan controlled by the Taliban* may be modified by the Secretary of State in consultation with the Secretary of the Treasury and the Attorney General.

NOTE TO § 545.311. The Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, has added the City of Kabul to the *territory of Afghanistan controlled by the Taliban*. (See Pub-

lic Notice 3151 of October 21, 1999, 64 FR 58879, November 1, 1999).

**§ 545.312 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

**§ 545.313 United States.**

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

**§ 545.314 U.S. financial institution.**

The term *U.S. financial institution* means any U.S. entity (including its 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

## § 545.315

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 that are located in the United States, but not such institutions' foreign branches, offices, or agencies.

### **§ 545.315 United States person; U.S. person.**

The term *United States person* or *U.S. person* means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States.

## **Subpart D—Interpretations**

### **§ 545.401 Reference to amended sections.**

Except as otherwise specified, reference to any provision in or appendix to this part or chapter or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part refers to the same as currently amended.

### **§ 545.402 Effect of amendment.**

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter 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 does not affect any act done or omitted, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

## 31 CFR Ch. V (7–1–02 Edition)

### **§ 545.403 Transactions incidental to a licensed transaction authorized.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction involving a person whose property or interests in property are blocked pursuant to § 545.201, or involving a debit to a blocked account or a transfer of blocked property, not explicitly authorized within the terms of the license; and

(b) Distribution or leasing in the territory of Afghanistan controlled by the Taliban of any containers or similar goods owned or controlled by U.S. persons after the performance of transportation services to the territory of Afghanistan controlled by the Taliban.

### **§ 545.404 Transshipment or transit through the United States prohibited.**

Except as otherwise specified:

(a) The prohibitions in §§ 545.201 and 545.204 apply to the importation into the United States, for transshipment or transit, of foreign goods which are intended or destined for the Taliban or the territory of Afghanistan controlled by the Taliban.

(b) The prohibitions in §§ 545.201 and 545.205 apply to the importation into the United States, for transshipment or transit to third countries, of goods owned or controlled by the Taliban or from the territory of Afghanistan controlled by the Taliban which are intended or destined for third countries.

(c) Goods, software, or technology in which the Taliban have an interest that are imported into or transshipped through the United States are blocked pursuant to § 545.201.

NOTE TO § 545.404: See § 545.304 for the definition of the term *importation into the United States*.

### **§ 545.405 [Reserved]**

### **§ 545.406 Exportation of services; performance of service contracts; legal services.**

(a) The prohibition on transactions involving blocked property and the exportation of services contained in §§ 545.201 and 545.204 applies to services performed on behalf of the Taliban or persons whose property or interests in

property are blocked pursuant to § 545.201 or where the benefit of such services is otherwise received in the territory of Afghanistan controlled by the Taliban, when such services are performed:

(1) In the United States;

(2) Outside the United States by a U.S. person, including by an overseas branch of an entity located in the United States.

(b) The benefit of services performed anywhere in the world on behalf of the Taliban, including persons whose property or interests in property are blocked pursuant to § 545.201, is presumed to have been received in the territory of Afghanistan controlled by the Taliban.

NOTE TO § 545.406. See § 545.513 with regard to provision of certain legal services and § 545.516 with regard to the provision of certain financial services.

**§ 545.407 Services performed in the territory of Afghanistan controlled by the Taliban.**

The prohibitions on transactions involving blocked property and certain transactions or dealings in that property and the importation into the United States of services contained in §§ 545.201 and 545.205, respectively, apply to services performed in the territory of Afghanistan controlled by the Taliban or by the Taliban, wherever located, when the benefit of such services is received in the United States or by a U.S. person outside the United States. See § 545.304 for the definition of the term *importation into the United States* and a description of circumstances in which the benefit of services is considered to be received in the United States.

**§ 545.408 Offshore transactions.**

(a) The prohibitions contained in § 545.201 apply:

(1) To transactions by any U.S. person in a location outside the United States with respect to property in which the U.S. person knows, or has reason to know, that the Taliban or persons whose property or interests in property are blocked pursuant to § 545.201 have or have had an interest since the effective date; and

(2) With respect to goods, software, technology, or services which the U.S.

person knows, or has reason to know, are from the territory of Afghanistan controlled by the Taliban.

(b) Prohibited transactions include, but are not limited to:

(1) Importation into or exportation from locations outside the United States of goods, software, technology or services owned or controlled by the Taliban or persons whose property or interests in property are blocked pursuant to § 545.201; or

(2) Purchasing, selling, financing, swapping, insuring, transporting, lifting, storing, incorporating, transforming, brokering or otherwise dealing in such blocked goods, software, technology, or services.

(c) *Example.* 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 goods (such as carpets, fruits, or nuts), owned or controlled by the Taliban or by persons whose property or interests in property are blocked pursuant to § 545.201 or which comes from the territory of Afghanistan controlled by the Taliban.

**§ 545.409 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, software, technology, or services exported prior to the effective date, except as authorized pursuant to this part.

**§ 545.410 Acquisition of instruments including bankers acceptances.**

No U.S. persons may acquire or deal in any obligation, including bankers acceptances and debt of or guaranteed by a person whose property or interests in property are blocked pursuant to § 545.201, in cases in which the documents evidencing the obligation indicate, or the U.S. person has actual knowledge, that the underlying transaction is in violation of §§ 545.201 and 545.204 through 545.206. This interpretation does not apply to obligations arising from an underlying transaction licensed or otherwise authorized pursuant to this part.

**§ 545.411 Exportation to third countries; transshipments.**

Except as otherwise specified, exportation of goods, software, or technology from the United States to third countries is prohibited if the exporter knows, or has reason to know, that the goods, software, or technology are intended for reexportation or transshipment to the Taliban, to persons whose property or interests in property are blocked pursuant to § 545.201, or to the territory of Afghanistan controlled by the Taliban, including passage through, or storage in, intermediate destinations.

**§ 545.412 Release of goods originating in the territory of Afghanistan controlled by the Taliban from a bonded warehouse or foreign trade zone.**

Section 545.205 does not prohibit the release from a bonded warehouse or foreign trade zone of goods originating in the territory of Afghanistan controlled by the Taliban imported into a bonded warehouse or foreign trade zone either prior to the effective date or in a transaction authorized pursuant to this part after the effective date.

NOTE TO § 545.412: Property in which the Taliban or persons whose property or interests in property are blocked pursuant to § 545.201 have an interest may not be released unless authorized or licensed by the Office of Foreign Assets Control.

**§ 545.413 Importation of goods from third countries; transshipments.**

(a) Importation into the United States from third countries of goods containing raw materials or components originating in the territory of Afghanistan controlled by the Taliban is not prohibited if those raw materials or components have been incorporated into manufactured products or otherwise substantially transformed in a third country.

(b) Importation into the United States of goods originating in the territory of Afghanistan controlled by the Taliban that have been transshipped through a third country without being incorporated into manufactured products or otherwise substantially transformed in a third country is prohibited.

**§ 545.414 Loans or extensions of credit.**

(a) The prohibitions in §§ 545.201 and 545.204 apply to loans or extensions of credit to a person in the territory of Afghanistan controlled by the Taliban, including overdraft protection on checking accounts, and the unauthorized renewal or rescheduling of credits or loans in existence as of 12:01 a.m., Eastern Daylight Time, July 6, 1999, whether by affirmative action or operation of law.

(b) The prohibitions in §§ 545.201 and 545.204 apply to financial services including loans or credits extended in any currency.

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

Pursuant to § 545.201, 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.

**§ 545.416 Termination and acquisition of an interest in blocked property.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a person whose property or interests in property are blocked pursuant to § 545.201, such property shall no longer be deemed to be property blocked pursuant to § 545.201, unless there exists in the property another interest that is blocked pursuant to § 545.201 or any other part of this chapter, 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 a person whose property or interests in property are blocked pursuant to § 545.201, such property shall be deemed to be property in which that person has an interest and therefore blocked.



**§ 545.417 Setoffs prohibited.**

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 545.201 if effected after the effective date.

**Subpart E—Licenses, Authorizations and Statements of Licensing Policy****§ 545.501 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, authorizes or validates any transaction effected prior to the issuance of the license, unless specifically provided in such licenses 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 contained in this part 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.

**§ 545.502 Exclusion from licenses.**

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 conferred by any license. The Director of the Office of Foreign Assets Control also re-

serves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

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

Any payment of funds or transfer of credit in which the Taliban or a person whose property or interests in property are blocked pursuant to § 545.201 has any interest, that comes within the possession or control of a U.S. financial institution, must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be made to another blocked account held in the same name.

NOTE TO § 545.503. Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 545.203 concerning the obligation to hold blocked funds in interest bearing accounts.

**§ 545.504 Entries in certain accounts for normal service charges authorized.**

(a) A U.S. financial institution is authorized to debit any blocked account held at that financial institution in payment or reimbursement for normal service charges owed it by the owner of that blocked account.

(b) As used in this section, the term *normal service charge* shall include charges in payment or reimbursement for interest due; cable, telegraph, internet, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photocopies, credit reports, transcripts of statements, registered mail, insurance, stationery and supplies, and other similar items.

**§ 545.505**

**§ 545.505 Importation of goods, software, or technology exported from the territory of Afghanistan controlled by the Taliban prior to July 6, 1999.**

(a) Except for the persons and property described in paragraph (c) below, importation of goods, software, or technology from the territory of Afghanistan controlled by the Taliban is authorized provided that:

(1) The applicant submits proof satisfactory to the U.S. Customs Service that the goods, software, or technology were exported from the territory of Afghanistan controlled by the Taliban before the effective date; and

(2) The importation is not otherwise prohibited by U.S. law.

NOTE TO § 545.505(A). The general license in § 545.505(a) does not extend to services.

(b) The type of evidence that would constitute proof satisfactory to the U.S. Customs Service of the location of goods, software, or technology outside the territory of Afghanistan controlled by the Taliban before the effective date may vary depending on the facts of a particular case. However, independent corroborating documentary evidence issued and certified by a disinterested party normally will be required. This might include contracts, insurance documents, shipping documents, warehouse receipts, and appropriate customs documents, accompanied by a certification of an insurance agent, warehouse agent, or other appropriate person, identifying with particularity the goods sought to be imported and attesting that the goods concerned were located outside the territory of Afghanistan controlled by the Taliban at a time prior to the effective date. In general, affidavits, statements and other documents prepared by the applicant or other interested parties will not, by themselves, constitute satisfactory proof.

(c) The authorization in paragraph (a) above, shall not apply to any goods, software, or technology in which the Taliban or persons whose property or interests in property are blocked pursuant to § 545.201 have any interest.

**31 CFR Ch. V (7-1-02 Edition)**

**§ 545.506 Importation of certain gifts authorized.**

The importation into the United States of goods from the territory of Afghanistan controlled by the Taliban or from a person whose property or interests in property are blocked pursuant to § 545.201 is authorized for goods sent as gifts to persons provided that:

(a) The value of a gift is not more than \$100 per recipient;

(b) The goods are of a type and in quantities normally given as gifts between individuals; and

(c) The goods are not controlled for chemical and biological weapons (CB), missile technology (MT), national security (NS), or nuclear proliferation (NP) (see Commerce Control List, 15 CFR part 774, supplement No. 1, of the Export Administration Regulations).

**§ 545.507 Accompanied baggage authorized.**

(a) Persons entering the United States directly or indirectly from the territory of Afghanistan controlled by the Taliban are authorized to import into the United States accompanied baggage normally incident to travel.

(b) Persons leaving the United States for the territory of Afghanistan controlled by the Taliban are authorized to export from the United States accompanied baggage normally incident to travel.

(c) For purposes of this section, the term *accompanied baggage normally incident to travel* includes only baggage that accompanies the traveler on the same aircraft, train, or vehicle, and includes only articles that are necessary for personal use incident to travel, that are not intended for any other person or for sale, and that are not otherwise prohibited from importation or exportation under applicable United States laws.

**§ 545.508 Transactions related to telecommunications authorized.**

All transactions ordinarily incident to the receipt or transmission of telecommunications involving the territory of Afghanistan controlled by the Taliban are authorized. This section does not authorize the provision, sale,

or lease to the Taliban, or to persons whose property or interests in property are blocked pursuant to § 545.201, or to the territory of Afghanistan controlled by the Taliban, of telecommunications equipment or technology; nor does it authorize the provision, sale, or leasing of capacity on telecommunications transmission facilities (such as satellite or terrestrial network connectivity).

**§ 545.509 Transactions related to mail authorized.**

All transactions by U.S. persons, including payment and transfers to common carriers, incident to the receipt or transmission of mail between the United States and the territory of Afghanistan controlled by the Taliban are authorized, provided that mail is limited to personal communications not involving a transfer of anything of value.

**§ 545.510 Importation of household and personal effects authorized.**

The importation of household and personal effects originating in the territory of Afghanistan controlled by the Taliban, including baggage and articles for family use, of persons arriving in the United States, directly or indirectly from the territory of Afghanistan controlled by the Taliban, is authorized; to qualify, articles included in such effects must actually have been used abroad by such persons or by other family members arriving from the same foreign household, must not be intended for any other person or for sale, and must not be otherwise prohibited from importation.

**§ 545.511 Registration of nongovernmental organizations for humanitarian or religious activities.**

(a) Registration numbers may be issued on a case-by-case basis for the registration of nongovernmental organizations involved in humanitarian or religious activities in the territory of Afghanistan controlled by the Taliban, authorizing transactions by such organizations otherwise prohibited by this part, including the exportation of goods, software, technology or services to the territory of Afghanistan controlled by the Taliban and the transfer

of funds to and from the territory of Afghanistan controlled by the Taliban for the purpose of relieving human suffering. Applicants for registration numbers must comply with the requirements of § 501.801(c).

(b) This section does not authorize transfers from blocked accounts.

NOTE TO § 545.511: Registration does not excuse a U.S. person from compliance with other applicable U.S. laws governing the exportation or reexportation of U.S.-origin goods, software, or technology (including technical data). See, *e.g.*, the Export Administration Regulations administered by the U.S. Department of Commerce (15 CFR parts 730-774).

**§ 545.512 Payment of obligations to U.S. persons authorized.**

(a) The transfer of funds after the effective date by, through, or to any U.S. financial institution or other U.S. person solely for the purpose of payment of obligations owed to U.S. persons, including a payment of such obligations of persons whose property or interests in property are blocked pursuant to § 545.201, is authorized, provided that (1) the obligation arose prior to the effective date or is otherwise authorized or not prohibited pursuant to statute or the provisions of this part; (2) the payment requires no debit to a blocked account; and (3) the U.S. person is not blocked pursuant to this chapter V.

(b) A person receiving payment under this section may distribute all or part of that payment to any person, provided that any such payment to a person whose property or interests in property are blocked pursuant to § 545.201 must be to a blocked account in a U.S. financial institution.

NOTE TO § 545.512: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 545.203 concerning the obligation to hold blocked funds in interest-bearing accounts.

**§ 545.513 Provision of certain legal services authorized.**

(a) The provision of the legal services set forth in paragraph (b) of this section to or on behalf of persons whose property or interests in property are blocked pursuant to § 545.201, and the exportation of such legal services to persons located in the territory of Afghanistan controlled by the Taliban or

## § 545.514

in circumstances in which the benefit is otherwise received in the territory of Afghanistan controlled by the Taliban, are authorized, provided that all receipts of payment of professional fees and reimbursement of incurred expenses must be specifically licensed.

(b) Specific licenses may be issued on a case-by-case basis authorizing receipt from unblocked sources of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to persons specified in paragraph (a) of this section:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling is not provided to facilitate transactions in violation of this part;

(2) Representation of persons when named as defendants in or otherwise made parties to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation and conduct of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction;

(4) Representation of persons before any federal or state agency with respect to the imposition, administration, or enforcement of U.S. sanctions against such persons; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) The provision or exportation of any other legal services to persons whose property or interests in property are blocked pursuant to § 545.201 or who are located in the territory of Afghanistan controlled by the Taliban, not otherwise authorized in this part, requires the issuance of a specific license.

(d) Entry into a settlement agreement affecting property or interests in property or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property or interests in property blocked pursuant to § 545.201 is

## 31 CFR Ch. V (7-1-02 Edition)

prohibited unless specifically licensed in accordance with § 545.202(e).

### § 545.514 Payments for services rendered by the Taliban to aircraft.

(a) Specific licenses may be issued on a case-by-case basis for authorization of payments to the Taliban, to persons whose property or interests in property are blocked pursuant to § 545.201, or to persons within the territory of Afghanistan controlled by the Taliban of charges for services rendered in connection with the overflight of the territory of Afghanistan controlled by the Taliban or emergency landing in the territory of Afghanistan controlled by the Taliban by aircraft. Any such payments shall be made consistent with United Nations Security Council Resolution 1267.

(b) Specific licenses may be issued on a case-by-case basis for the exportation, reexportation, sale, or supply, directly or indirectly, of goods, software, technology, and services to ensure the safety of civil aviation and safe operation of U.S.-origin commercial passenger aircraft.

### § 545.515 Certain transactions related to patents, trademarks, and copyrights authorized.

(a) All of the following transactions in connection with patent, trademark, copyright or other intellectual property protection in the United States or Afghanistan are authorized:

(1) The filing and prosecution of any application to obtain a patent, trademark, copyright or other form of intellectual property protection, including importation of or dealing in services or payment for services from the Taliban, persons whose property or interests in property are blocked pursuant to § 545.201, or from persons within the territory of Afghanistan controlled by the Taliban connected to such intellectual property protection;

(2) The receipt of patent, trademark, copyright, or other form of intellectual property protection;

(3) The renewal or maintenance of a patent, trademark, copyright or other form of intellectual property protection; and

(4) The filing and prosecution of opposition or infringement proceedings

with respect to a patent, trademark, copyright or other form of intellectual property protection, or the entrance of a defense to any such proceedings.

(b) Nothing in this section affects obligations under any other provision of law.

**§ 545.516 Certain payments to or from the territory of Afghanistan controlled by the Taliban.**

(a) United States financial institutions, as defined in § 545.314, are authorized to process transfers of funds to or from the territory of Afghanistan controlled by the Taliban if the transfer is covered in full by any of the following conditions and does not involve debiting a blocked account on the books of a U.S. financial institution:

(1) The transfer arises from an underlying transaction that has been authorized by a specific license, general license, or nongovernmental organization's registration number issued pursuant to this part; or

(2) The transfer arises from an underlying transaction that is not prohibited by or that is exempted from the prohibitions of this part, such as an exportation of information or informational materials to the territory of Afghanistan controlled by the Taliban, a travel-related remittance, or payment for the shipment of a donation of articles to relieve human suffering.

(b) With respect to transactions meeting the conditions of paragraph (a) of this section, before a United States depository institution initiates a payment on behalf of any U.S. non-bank customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States depository institution must determine that the underlying transaction is not prohibited by this part. To meet this requirement, a United States depository institution must either obtain a copy of the applicable specific license or nongovernmental organization's registration number or obtain a certification from the customer or beneficiary confirming that the transaction is authorized by a general license or not prohibited by this part. Such a certification will not meet the requirements of this section if the United States depository institution knows or

has reason to know that any part of the certification is false.

**§ 545.517 Authorization of emergency medical services.**

The provision of nonscheduled emergency medical services in the United States to persons whose property or interests in property are blocked pursuant to § 545.201 is authorized, provided that all receipt of payment for such services must be specifically licensed.

**§ 545.518 Investment and reinvestment of certain funds.**

Subject to the requirements of § 545.203, U.S. financial institutions are authorized to invest and reinvest assets blocked pursuant to § 545.201, subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or sub-account which is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but funds shall not be transferred outside the United States for this purpose;

(b) The proceeds of such investments and reinvestments shall not be credited to a blocked account or subaccount under any name or designation that differs from the name or designation of the specific blocked account or sub-account in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (e.g., through pledging or other use) to persons whose property or interests in property are blocked pursuant to § 545.201.

**§ 545.519 Payments and transfers authorized for goods and services exported to the territory of Afghanistan controlled by the Taliban prior to the effective date.**

(a) Specific licenses may be issued on a case-by-case basis to permit payment involving an irrevocable letter of credit issued or confirmed by a U.S. bank, or a letter of credit reimbursement confirmed by a U.S. bank, from a blocked account or otherwise, of amounts owed to or for the benefit of a person with respect to goods, software, technology, or services exported prior to the effective date, directly or indirectly to the territory of Afghanistan

## § 545.520

controlled by the Taliban, or to third countries for an entity operated from territory of Afghanistan controlled by the Taliban, or for the benefit of the Taliban, where the license application presents evidence satisfactory to the Office of Foreign Assets Control that the exportation occurred prior to the effective date (such evidence may include, for example, the bill of lading, the air waybill, the purchaser's written confirmation of completed services, customs documents, and insurance documents).

(b) This section does not authorize the exportation of goods, software, technology, or services after the effective date pursuant to a contract entered into, or partially performed, prior to the effective date.

### **§ 545.520 Noncommercial personal remittances to or from the territory of Afghanistan controlled by the Taliban.**

United States financial institutions, as defined in § 545.314, are authorized to process transfers of funds to or from the territory of Afghanistan controlled by the Taliban in cases in which the transfer involves a noncommercial, personal remittance, provided the beneficiary is not a person whose property or interests in property are blocked pursuant to § 545.201 or any other part of this chapter and the transfer is not by, to, or through a person whose property or interests in property are blocked pursuant to § 545.201 or any other part of this chapter V.

### **§ 545.521 Transactions related to U.S. citizens residing in the territory of Afghanistan controlled by the Taliban.**

U.S. citizens who reside on a permanent basis in the territory of Afghanistan controlled by the Taliban are authorized to engage in transactions within the territory of Afghanistan controlled by the Taliban ordinarily incident to their routine and necessary maintenance and other personal living expenses.

NOTE TO § 545.521. This provision does not authorize U.S. financial institutions, as defined in § 545.314, to transfer funds to persons whose property or interests in property are blocked pursuant to § 545.201.

## 31 CFR Ch. V (7-1-02 Edition)

### **§ 545.522 Operation of accounts.**

The operation of an account in a U.S. financial institution, as defined in § 545.314, for a natural person in the territory of Afghanistan controlled by the Taliban, other than a person whose property or interests in property are blocked pursuant to § 545.201, is hereby authorized; however, such operation may not include the execution of transactions in support of transactions or activities prohibited by subpart B of this part.

### **§ 545.523 Extensions or renewals of letters of credit authorized.**

(a) The extension or renewal, at the request of the account party, of a letter of credit or a standby letter of credit issued or confirmed by a U.S. financial institution is authorized, provided the transfer of funds is not made to a blocked account.

(b) Transactions conducted pursuant to this section must be reported to the Compliance Programs Division of the Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Ave., NW., Annex, Washington, D.C. 20220, within 10 days after completion of the transaction.

### **§ 545.524 Extensions or renewals of loans.**

Specific licenses may be issued on a case-by-case basis for rescheduling loans or otherwise extending the maturities of existing loans, and for charging fees or interest at commercially reasonable rates in connection therewith, provided that no new funds or credits are thereby transferred or extended to the Taliban, persons whose property or interests in property are blocked pursuant to § 545.201, or persons in the territory of Afghanistan controlled by the Taliban.

### **§ 545.525 Certain services relating to participation in various events and activities authorized.**

(a) The importation into the United States or other dealing in services originating in the territory of Afghanistan controlled by the Taliban is authorized where such services are performed in the United States by a person from the territory of Afghanistan controlled by the Taliban who enters the United

States on a visa issued by the State Department for the purpose of, or which services relate directly to, participation in a public conference, performance, exhibition or similar event, provided such services are consistent with that purpose.

(b) Persons otherwise qualified for a non-immigrant visa under categories A-3 and G-5 (attendants, servants and personal employees of aliens in the United States on diplomatic status), D (crewmen), F (students), I (information media representatives), J (exchange visitors), M (non-academic students), O and P (aliens with extraordinary ability, athletes, artists and entertainers), Q (international cultural exchange visitors), R (religious workers), or S (witnesses) are authorized to carry out in the United States those activities for which such a visa has been granted by the U.S. State Department.

(c) Persons otherwise qualified for a visa under categories E-2 (treaty investor), H-1b (temporary worker), or L (intra-company transferee) and all immigrant visa categories are authorized to carry out in the United States those activities for which such a visa has been granted by the U.S. State Department, provided that the persons are not coming to the United States to work as an agent, employee or contractor of the Taliban, or a person whose property or interests in property are blocked pursuant to § 545.201, or a business entity or other organization territory of Afghanistan controlled by the Taliban.

**§ 545.526 Certain importations for diplomatic or official personnel authorized.**

All transactions ordinarily incident to the importation into the United States of any goods, software, technology or services from the territory of Afghanistan controlled by the Taliban that are not for sale and are destined for official or personal use by personnel employed by the diplomatic missions of the Taliban to the United States and to international organizations located in the United States are authorized, unless the importation is otherwise prohibited by law.

**§ 545.527 Diplomatic pouches.**

All transactions in connection with the importation into the United States from the territory of Afghanistan controlled by the Taliban, or the exportation from the United States to the territory of Afghanistan controlled by the Taliban, of diplomatic pouches and their contents are authorized.

**Subpart F—Reports**

**§ 545.601 Records and reports.**

For provisions relating to required records and reports, see part 501, subpart C, of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

**Subpart G—Penalties**

**§ 545.701 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 adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that:

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

(2) Whoever willfully violates or willfully attempts to violate any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000, and if a natural person, may also be imprisoned for not more than 10 years; 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.

## § 545.702

(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(a), which provides that whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device, a material fact, or makes any materially false, fictitious, or fraudulent statement or representation, or makes or uses any materially 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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

### § 545.702 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, the Director shall notify the alleged violator of the agency's intent to impose a monetary penalty by issuing a prepenalty notice. The prepenalty notice shall be in writing. The prepenalty notice may be issued whether or not another agency has taken any action with respect to the matter.

(b) *Contents of notice*—(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 respond.* The prepenalty notice also shall inform the respondent of respondent's right to make a written presentation within the applicable 30 day period set forth in section 545.703 as to why a monetary penalty should

## 31 CFR Ch. V (7-1-02 Edition)

not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

(c) *Informal settlement prior to issuance of prepenalty notice.* At any time prior to the issuance of a prepenalty notice, an alleged violator may request in writing that, for a period not to exceed sixty (60) days, the agency withhold issuance of the prepenalty notice for the exclusive purpose of effecting settlement of the agency's potential civil monetary penalty claims. In the event the Director grants the request, under terms and conditions within his discretion, the Office of Foreign Assets Control will agree to withhold issuance of the prepenalty notice for a period not to exceed 60 days and will enter into settlement negotiations of the potential civil monetary penalty claim.

### § 545.703 Response to prepenalty notice; informal settlement.

(a) *Deadline for response.* The respondent may submit a response to the prepenalty notice within the applicable 30 day period set forth in this paragraph. The Director may grant, at his discretion, an extension of time in which to submit a response to the prepenalty notice. The failure to submit a response within the applicable time period set forth in this paragraph shall be deemed to be a waiver of the right to respond.

(1) *Computation of time for response.* A response to the prepenalty notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier) on or before the 30th day after the postmark date on the envelope in which the prepenalty notice was mailed. If the respondent refused delivery or otherwise avoided receipt of the prepenalty notice, a response must be postmarked or date-stamped on or before the 30th day after the date on the stamped postal receipt maintained at the Office of Foreign Assets Control. If the prepenalty notice was personally delivered to the respondent by a non-U.S. Postal Service agent authorized by the Director, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.



(2) *Extensions of time for response.* If a due date falls on a federal holiday or weekend, that due date is extended to include the following business day. Any other extensions of time will be granted, at the Director's discretion, only upon the respondent's specific request to the Office of Foreign Assets Control.

(b) *Form and method of response.* The response must be submitted in writing and may be handwritten or typed. The response need not be in any particular form. A copy of the written response may be sent by facsimile, but the original also must be sent to the Office of Foreign Assets Control Civil Penalties Division by mail or courier and must be postmarked or date-stamped, in accordance with paragraph (a) of this section.

(c) *Contents of response.* A written response must contain information sufficient to indicate that it is in response to the prepenalty notice.

(1) A written response must include the respondent's full name, address, telephone number, and facsimile number, if available, or those of the representative of the respondent.

(2) A written response should either admit or deny each specific violation alleged in the prepenalty notice and also state if the respondent has no knowledge of a particular violation. If the written response fails to address any specific violation alleged in the prepenalty notice, that alleged violation shall be deemed to be admitted.

(3) A written response should include any information in defense, evidence in support of an asserted defense, or other factors that the respondent requests the Office of Foreign Assets Control to consider. Any defense or explanation previously made to the Office of Foreign Assets Control or any other agency must be repeated in the written response. Any defense not raised in the written response will be considered waived. The written response also should set forth the reasons why the respondent believes the penalty should not be imposed or why, if imposed, it should be in a lesser amount than proposed.

(d) *Default.* If the respondent elects not to submit a written response within the time limit set forth in paragraph (a) of this section, the Office of Foreign

Assets Control will conclude that the respondent has decided not to respond to the prepenalty notice. The agency generally will then issue a written penalty notice imposing the penalty proposed in the prepenalty notice.

(e) *Informal settlement.* In addition to or as an alternative to a written response to a prepenalty notice, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. However, the requirements set forth in paragraph (f) of this section as to oral communication by the representative must first be fulfilled. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent will not be required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the time limit specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

(f) *Representation.* A representative of the respondent may act on behalf of the respondent, but any oral communication with the Office of Foreign Assets Control prior to a written submission regarding the specific allegations contained in the prepenalty notice must be preceded by a written letter of representation, unless the prepenalty notice was served upon the respondent in care of the representative.

#### **§ 545.704 Penalty imposition or withdrawal.**

(a) *No violation.* If, after considering any response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent named in the

**§ 545.705**

prepenalty notice, the Director shall notify the respondent in writing of that determination and of the cancellation of the proposed monetary penalty.

(b) *Violation.* (1) If, after considering any written response to the prepenalty notice, or default in the submission of a written response, and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director is authorized to issue a written penalty notice to the respondent of the determination of violation and the imposition of the monetary penalty.

(2) The penalty notice shall inform the respondent that payment or arrangement for installment payment of the assessed penalty must be made within 30 days of the date of mailing of the penalty notice by the Office of Foreign Assets Control.

(3) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

(4) The issuance of the penalty notice finding a violation and imposing a monetary penalty shall constitute final agency action. The respondent has the right to seek judicial review of that final agency action in federal district court.

**§ 545.705 Administrative collection; referral to United States Department of Justice.**

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of the penalty notice, the matter may be referred for administrative collection measures by the Department of the Treasury or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in a federal district court.

**31 CFR Ch. V (7-1-02 Edition)**

**Subpart H—Procedures**

**§ 545.801 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 D, of this chapter.

**§ 545.802 Delegation by the Secretary of the Treasury.**

Any action that the Secretary of the Treasury is authorized to take pursuant to Executive Order 13129 of July 4, 1999 (64 FR 36759, July 7, 1999) and any further Executive orders relating to the national emergency declared in Executive Order 13129 may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

**Subpart I—Paperwork Reduction Act**

**§ 545.901 Paperwork Reduction Act notice.**

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures (including those pursuant to statements of licensing policy), and 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.

**PART 550—LIBYAN SANCTIONS REGULATIONS**

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

Sec.  
550.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

- 550.201 Prohibited imports of goods or services from Libya.
- 550.202 Prohibited exports of goods, technology or services to Libya.
- 550.203 Prohibited transportation-related transactions.
- 550.204 Prohibited purchases of goods from Libya.
- 550.205 Prohibited engagement in contracts.
- 550.206 Prohibited grants or extensions of credits or loans.
- 550.207 Prohibited transactions relating to travel to Libya or to activities within Libya.
- 550.208 Evasions.
- 550.209 Prohibited transactions involving property in which the Government of Libya has an interest; transactions with respect to securities.
- 550.210 Effect of transfers violating the provisions of this part.
- 550.212 Holding of certain types of blocked property in interest-bearing accounts.
- 550.410 Release from bonded warehouse or foreign trade zone.
- 550.411 Publications.
- 550.412 Termination and acquisition of an interest of the Government of Libya.
- 550.413 Payments to Libya prohibited.
- 550.414 Exports of Libyan-titled goods.
- 550.415 Advance payments.
- 550.416 Imports of Libyan goods and purchases of goods from Libya.
- 550.417 Letters of credit.
- 550.418 Payments from blocked accounts for U.S. exporters and other obligations prohibited.
- 550.419 Acquisition of instruments, including bankers' acceptances.
- 550.420 Indirect payments to the Government of Libya.
- 550.421 Setoffs prohibited.
- 550.422 Exportation of services; performance of service contracts; legal services.

**Subpart E—Licenses, Authorizations, and Statements of Licensing Policy****Subpart C—Definitions**

- 550.301 Effective date.
- 550.302 Libya; Libyan.
- 550.303 Libyan origin.
- 550.304 Government of Libya.
- 550.305 Libyan person.
- 550.306 Person.
- 550.307 United States.
- 550.308 United States person.
- 550.309 License.
- 550.310 General license.
- 550.311 Specific license.
- 550.312 Credits or loans.
- 550.313 Transfer.
- 550.314 Property; property interests.
- 550.315 Interest.
- 550.316 Blocked account; blocked property.
- 550.317 Domestic bank.
- 550.318 Entity.
- 550.319 Entity of the Government of Libya; Libyan entity.
- 550.320 Banking institution.
- 550.501 Effect of license or authorization.
- 550.502 Exclusion from licenses and authorizations.
- 550.503 Imports pursuant to Executive Order 12538.
- 550.504 Certain exports authorized.
- 550.505 Certain imports for diplomatic or official personnel authorized.
- 550.506 Certain services relating to participation in various events authorized.
- 550.507 Import of publications authorized.
- 550.508 Import of certain gifts authorized.
- 550.509 Import of accompanied baggage authorized.
- 550.510 Telecommunications and mail transactions authorized.
- 550.511 Payments and transfers to blocked accounts in domestic banks.
- 550.512 Payment of certain checks and drafts and documentary letters of credit.
- 550.513 Completion of certain securities transactions.
- 550.515 [Reserved]
- 550.517 Exportation of certain legal services to the Government of, or persons in, Libya.
- 550.520 Entries in certain accounts for normal service charges.
- 550.560 Transactions related to travel to, and residence within, Libya by immediate family members of Libyan nationals.
- 550.568 Certain standby letters of credit and performance bonds.
- 550.569 Commercial sales and exportation of agricultural commodities, medicine, and medical devices.
- 550.570 [Reserved]
- 550.571 Payment for and financing of exports of agricultural commodities, medicine, and medical equipment.

**Subpart D—Interpretations**

- 550.401 Reference to amended sections.
- 550.402 Effect of amendment of sections of this part or of other orders, etc.
- 550.403 Extensions of credits or loans to Libya.
- 550.404 Import and export of goods in transit before the effective date.
- 550.405 Transactions incidental to a licensed transaction authorized.
- 550.406 Offshore transactions.
- 550.407 Transshipment through the United States prohibited.
- 550.408 Imports from third countries; transshipments.
- 550.409 Exports to third countries; transshipment.

## § 550.101

550.572 Brokering sales of agricultural commodities, medicine, and medical devices.  
550.573 Travel transactions in connection with the exportation of agricultural commodities, medicine, and medical devices.

### Subpart F—Reports

550.601 Records and reports.

### Subpart G—Penalties

550.701 Penalties.  
550.702 Detention of shipments.  
550.703 Prepenalty notice.  
550.704 Presentation responding to prepenalty notice.  
550.705 Penalty notice.  
550.706 Referral to United States Department of Justice.

### Subpart H—Procedures

550.801 Procedures.  
550.802 Delegation by the Secretary of the Treasury.  
550.803 Customs procedures: Merchandise specified in § 550.201.

### Subpart I—Miscellaneous

550.901 Paperwork Reduction Act notice.  
APPENDIX A TO PART 550—BULK AGRICULTURAL COMMODITIES  
APPENDIX B TO PART 550—ELIGIBLE PROCUREMENT BODIES

AUTHORITY: 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 22 U.S.C. 287c, 2349aa-8 and 2349aa-9; 31 U.S.C. 321(b); 49 U.S.C. 40106(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 106-387, 114 Stat. 1549; 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.

SOURCE: 51 FR 1354, Jan. 10, 1986, unless otherwise noted.

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

### § 550.101 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. In addition, licenses or authoriza-

## 31 CFR Ch. V (7-1-02 Edition)

tions contained in or issued pursuant to any other provision of law or regulations do not authorize any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations. In particular, no license or authorization contained in or issued pursuant to this part authorizes the importation of petroleum products which would be banned by Presidential Proclamation 5141 of December 22, 1983 or Executive Order 12538 of November 15, 1985.

[51 FR 1354, Jan. 10, 1986, as amended at 62 FR 45108, Aug. 25, 1997]

## Subpart B—Prohibitions

### § 550.201 Prohibited imports of goods or services from Libya.

Except as authorized, no goods or services of Libyan origin, other than publications and materials imported for news publication or news broadcast dissemination, may be imported into the United States.

### § 550.202 Prohibited exports of goods, technology or services to Libya.

Except as authorized, no goods, technology (including technical data or other information) or services may be exported to Libya from the United States, except publications and donated articles intended to relieve human suffering, such as food, clothing, medicine and medical supplies intended strictly for medical purposes.

### § 550.203 Prohibited transportation-related transactions.

Except as authorized, the following are prohibited:

(a) Any transaction by a United States person relating to transportation to or from Libya;

(b) The provision of transportation to or from the United States by any Libyan person or any vessel or aircraft of Libyan registration; or

(c) The sale in the United States by any person holding authority under the Federal Aviation Act of any transportation by air which includes any stop in Libya.

**§ 550.204 Prohibited purchases of goods from Libya.**

Except as authorized, no U.S. person may purchase goods for export from Libya to any other country.

**§ 550.205 Prohibited engagement in contracts.**

Except as authorized, no U.S. person may perform any contract in support of an industrial or other commercial or governmental project in Libya.

**§ 550.206 Prohibited grants or extensions of credits or loans.**

Except as authorized, no U.S. person may grant or extend credits or loans to the Government of Libya.

**§ 550.207 Prohibited transactions relating to travel to Libya or to activities within Libya.**

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

(a) Necessary to effect the departure of a U.S. citizen or permanent resident alien from Libya;

(b) Relating to travel to, from, or within Libya prior to February 1, 1986 to perform acts prohibited by §§ 550.201, 550.202, 550.203, 550.204, or 550.205 after that date; 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 own travel or living expenses to or within Libya.

**§ 550.208 Evasions.**

Any transaction for the purpose of, or which has the effect of, evading or avoiding any of the prohibitions set forth in this subpart is hereby prohibited.

**§ 550.209 Prohibited transactions involving property in which the Government of Libya 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 Libya 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 authorized by a license expressly referring to this section, the acquisition, transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of the Government of Libya is prohibited irrespective of the fact that at any time (either prior to, on, or subsequent to 4:10 p.m. e.s.t., January 8, 1986) 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.

[51 FR 2462, Jan. 16, 1986, as amended at 62 FR 45108, Aug. 25, 1997]

**§ 550.210 Effect of transfers violating the provisions of this part.**

(a) Any transfer after 4:10 p.m. e.s.t., January 8, 1986, which is in violation of any provision of this part or of any regulation, ruling, instruction, license, or other direction or authorization thereunder and involves any property in which the Government of Libya 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

**§ 550.212**

**31 CFR Ch. V (7-1-02 Edition)**

interest in or right, remedy, power or privilege with respect to such property.

(b) No transfer before 4:10 p.m. e.s.t., January 8, 1986, 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 Libya has or has had an interest since such date, unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such date.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act and 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 pursuant to such provisions, 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 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 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 regu-

lation, ruling, instruction, license or other direction or authorization thereunder, or

(ii) Such transfer was not licensed or authorized by the Secretary of the Treasury, or

(iii) If a license did purport to cover the transfer, such license had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; the person with whom such property was held or maintained filed with the Treasury Department, Washington, DC, a report in triplicate 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 to be compliance or evidence of compliance with paragraphs (d)(1) and (2) of this section.

(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 4:10 p.m. e.s.t., January 8, 1986, there existed an interest of the Government of Libya.

[51 FR 2462, Jan. 16, 1986]

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

(a)(1) Any U.S. person, including a banking institution, currently holding property subject to § 550.209 which, as of the later of September 11, 1992 or the date of receipt, is not being held in an interest-bearing account, or otherwise invested in a manner authorized by the Office of Foreign Assets Control, shall transfer such property to, or hold such property or cause such property to be held in, an interest-bearing account or interest-bearing status, as of such date, in a banking institution in the United States, or, for property held outside the United States, the foreign branch of a U.S. banking institution, unless otherwise authorized or directed by the Office of Foreign Assets Control.

(2) The requirement in paragraph (a)(1) of this section shall apply to funds, 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 Libya entity having an interest in the accounts.

(b) For purposes of this section, the term *interest-bearing account* means a blocked account in a banking institution earning interest at rates that are commercially reasonable. *Commercially reasonable* means the rate currently offered other depositors on deposits of comparable size and maturity. 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 or real estate, 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.

[57 FR 41697, Sept. 11, 1992]

### Subpart C—Definitions

#### § 550.301 Effective date.

The *effective date* means:

(a) 12:01 a.m. Eastern Standard Time (e.s.t.), February 1, 1986, with respect to the transactions prohibited by §§ 550.201, 550.202, 550.203, 550.204, and 550.205;

(b) 8:06 p.m. Eastern Standard Time (e.s.t.), January 7, 1986, with respect to transactions prohibited by §§ 550.206 and 550.207; and

(c) 4:10 p.m. Eastern Standard Time (e.s.t.), January 8, 1986, with respect to transactions prohibited by § 550.209.

[51 FR 2463, Jan. 16, 1986]

#### § 550.302 Libya; Libyan.

The term *Libya* means the country of Libya and any Libyan territory, dependency, colony, protectorate, mandate, dominion, possession, or place subject to the jurisdiction thereof. The term *Libyan* means pertaining to Libya as defined in this section.

#### § 550.303 Libyan origin.

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

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

(b) Goods which have entered into Libyan commerce;

(c) Services performed in Libya or by a Libyan national who is acting as an agent, employee, or contractor of the Government of Libya, or of a business entity located in Libya. Services of Libyan origin are not imported into the United States when such services are provided in the United States by a Libyan national who, during indefinite residency in the United States, works as, for example, a teacher, athlete, restaurant or domestic worker, or a person employed in any other regular occupation.

#### § 550.304 Government of Libya.

The term *Government of Libya* includes:

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

(b) Any partnership, association, corporation, or other organization owned or controlled directly or indirectly 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;

(d) Any other person or organization determined by the Secretary of the Treasury to be included within this section.

NOTE TO § 550.304: Please refer to the appendices at the end of this chapter for listings of persons determined to fall within this definition who 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.

[59 FR 31143, June 17, 1994, as amended at 61 FR 32938, June 26, 1996; 62 FR 45108, Aug. 25, 1997]

**§ 550.305**

**§ 550.305 Libyan person.**

The term *Libyan person* means any Libyan citizen, any juridical person organized under the laws of Libya, or any juridical person owned or controlled, directly or indirectly, by a Libyan citizen or the Government of Libya.

**§ 550.306 Person.**

The term *person* means an individual or entity.

[66 FR 36690, July 12, 2001]

**§ 550.307 United States.**

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

**§ 550.308 United States person.**

The term *United States person*, or as abbreviated, *U.S. person*, means any United States citizen, permanent resident alien, juridical person authorized under the laws of the United States (including foreign branches), or any person in the United States.

[66 FR 36690, July 12, 2001]

**§ 550.309 License.**

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

**§ 550.310 General license.**

A general license is any license or authorization the terms of which are set forth in this part.

**§ 550.311 Specific license.**

A specific license is any license or authorization issued pursuant to this part but not set forth in this part.

**§ 550.312 Credits or loans.**

The term *credits* or *loans* means any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit. The term *credits* or *loans* includes, but is not limited to: overdrafts; currency swaps; purchases of debt securities issued by the Government of Libya after January 7, 1986; purchases of a loan made by another person; sales of financial assets

**31 CFR Ch. V (7-1-02 Edition)**

subject to an agreement to repurchase; renewals or refinancings whereby funds or credits are transferred to or extended to the Government of Libya; and draw-downs on existing lines of credit.

**§ 550.313 Transfer.**

The term *transfer* shall mean 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, 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 decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

[51 FR 2463, Jan. 16, 1986]

**§ 550.314 Property; property interests.**

The terms *property* and *property interest* or *property interests* shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, 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, real estate and any interest therein, leaseholds, ground rents, 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, 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.

[51 FR 2463, Jan. 16, 1986]

**§ 550.315 Interest.**

Except as otherwise provided in this part, the term *interest* when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

[51 FR 2464, Jan. 16, 1986]

**§ 550.316 Blocked account; blocked property.**

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

[51 FR 2464, Jan. 16, 1986]

**§ 550.317 Domestic bank.**

(a) The term *domestic bank* shall mean any branch or office within the United States of any of the following which is not a Libyan entity: Any bank or trust company incorporated under the banking laws of the United States or of any state, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any state, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a *domestic bank* for the purpose of this definition or for

the purpose of any or all sections of this part.

(b) The term *domestic bank* includes any branch or office within the United States of a foreign bank that is not a Libyan entity.

[51 FR 2464, Jan. 16, 1986]

**§ 550.318 Entity.**

The term *entity* means a partnership, association, trust, joint venture, corporation, or other organization.

[66 FR 36690, July 12, 2001]

**§ 550.319 Entity of the Government of Libya; Libyan entity.**

The terms *entity of the Government of Libya* and *Libyan entity* include:

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

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

[51 FR 2464, Jan. 16, 1986]

**§ 550.320 Banking institution.**

The term *banking institution* shall include any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of its business, or any broker; and each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate *banking institution*.

[51 FR 2464, Jan. 16, 1986]

**Subpart D—Interpretations**

**§ 550.401 Reference to amended sections.**

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

## § 550.402

to refer to the same as currently amended unless otherwise so specified.

### § 550.402 Effect of amendment of sections of this part or of other orders, etc.

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 Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act shall not, unless otherwise specifically provided, be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case prior to such amendment, modification, or revocation, and 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.

### § 550.403 Extensions of credits or loans to Libya.

(a) The prohibition in § 550.205 applies to the unlicensed renewal of credits or loans in existence on the effective date.

(b) The prohibition in § 550.205 applies to credits or loans extended in any currency.

### § 550.404 Import and export of goods in transit before the effective date.

(a) Section 550.201 does not apply to goods:

(1) If imported by vessel, where the vessel arrives within the limits of a port in the United States prior to the effective date with the intent to unlade such goods; or

(2) If imported other than by vessel, where the goods arrive within the Customs territory of the United States before the effective date.

(b) Section 550.202 does not apply to goods:

(1) If exported by vessel or airline, where the goods are laden on board before the effective date; or

(2) If exported other than by vessel or airplane, where the goods have left the United States before the effective date.

[51 FR 1354, Jan. 10, 1986, as amended at 51 FR 2464, Jan. 16, 1986]

## 31 CFR Ch. V (7-1-02 Edition)

### § 550.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Libyan governmental entity or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Libya not explicitly authorized in or pursuant to this part other than loading, transporting, and discharging licensed or exempt cargo there.

(c) Distribution or leasing in Libya of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Libya; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine or medical equipment to Libya or the Government of Libya. See § 550.571.

[64 FR 41789, Aug. 2, 1999, as amended at 66 FR 36690, July 12, 2001]

### § 550.406 Offshore transactions.

(a) The provisions contained in §§ 550.209 and 550.210 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 Libya has or has had any interest since 4:10 p.m. EST, January 8, 1986, including:

(1) Importation into such locations of, or

(2) Dealings within such locations in, goods or services of Libyan origin.

(b) *Example.* 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, Libyan crude oil or petroleum products refined in Libya.

(c) *Note.* Exports or reexports of goods and technical data, or of the direct products of technical data (regardless of U.S. content), not prohibited by this part may require authorization

from the U.S. Department of Commerce pursuant to the Export Administration Act of 1979, as amended, 50 U.S.C. App. 2401 *et seq.*, and the Export Administration Regulations implementing that Act, 15 CFR parts 368-399.

[53 FR 5572, Feb. 25, 1988]

**§ 550.407 Transshipment through the United States prohibited.**

(a) The prohibitions in § 550.202 apply to the import into the United States, for transshipment or transit, of goods which are intended or destined for Libya.

(b) The prohibitions in § 550.201 apply to the import into the United States, for transshipment or transit, of goods of Libyan origin which are intended or destined for third countries.

**§ 550.408 Imports from third countries; transshipments.**

(a) Imports into the United States from third countries of goods containing raw materials or components of Libyan origin are not prohibited if those raw materials or components have been incorporated into manufactured products or otherwise substantially transformed in a third country.

(b) Imports into the United States of goods of Libyan origin which have been transshipped through a third country without being incorporated into manufactured products or otherwise substantially transformed in a third country are prohibited.

**§ 550.409 Exports to third countries; transshipment.**

(a) Exports of goods or technology (including technical data and other information) from the United States to third countries are prohibited if the exporter knows, or has reason to know, that:

(1) The goods or technology are intended for transshipment to Libya (including passage through, or storage in, intermediate destinations) without coming to rest in a third country and without being substantially transformed or incorporated into manufactured products in a third country, or

(2) The exported goods are intended specifically for substantial transformation or incorporation in a third country into products to be used in

Libya in the petroleum or petrochemical industry, or

(3) The exported technology is intended specifically for use in a third country in the manufacture of, or for incorporation into, products to be used in Libya in the petroleum or petrochemical industry.

(b) For the purposes of paragraph (a) of this section:

(1) The scope of activities encompassed by the petroleum and petrochemical industries shall include, but not be limited to, the following activities: Oil, natural gas, natural gas liquids, or other hydrocarbon exploration (including geophysical and geological assessment activity), extraction, production, refining, distillation, cracking, coking, blending, manufacturing, and transportation; petrochemical production, processing, manufacturing, and transportation;

(2) Exports subject to the prohibition in paragraph (a) of this section, include not only goods and technology for use in third-country products uniquely suited for use in the petroleum or petrochemical industry, such as oilfield services equipment, but also goods and technology for use in products, such as computers, office equipment, construction equipment, or building materials, which are suitable for use in other industries, but which are intended specifically for use in the petroleum or petrochemical industry; and

(3) Goods and technology are intended specifically for a third-country product to be used in Libya if the particular product is being specifically manufactured to fill a Libyan order or if the manufacturer's sales of the particular product are predominantly to Libya.

(c) Specific licenses may be issued to authorize exports to third countries otherwise prohibited by paragraph (a)(2) of this section in appropriate cases, such as those involving extreme hardship or where the resulting third-country products will have insubstantial U.S. content.

(d) Exports of goods or technology from the United States to third countries are not prohibited where the exporter has reasonable cause to believe that:

## § 550.410

(1) Except as otherwise provided in paragraph (a) of this section, the goods will be substantially transformed or incorporated into manufactured products before export to Libya, or

(2) The goods will come to rest in a third country for purposes other than reexport to Libya, *e.g.*, for purposes of restocking the inventory of a distributor whose sales of the particular goods are not predominantly to Libya, or

(3) The technology will come to rest in a third country for purposes other than reexport to Libya.

(e) *Note:* Exports or reexports of goods and technical data, or of the direct products of technical data (regardless of U.S. content), not prohibited by this part may require authorization from the U.S. Department of Commerce pursuant to the Export Administration Act of 1979, as amended, 50 U.S.C. App. 2401 *et seq.*, and the Export Administration Regulations Implementing that Act, 15 CFR parts 368 through 399.

[51 FR 22803, June 23, 1986; 51 FR 25635, July 15, 1986]

### § 550.410 Release from bonded warehouse or foreign trade zone.

Section 550.201 does not prohibit the release from a bonded warehouse or a foreign trade zone of goods of Libyan origin imported into a bonded warehouse or a foreign trade zone prior to the effective date.

### § 550.411 Publications.

For purposes of this part, publications include books, newspapers, magazines, films, phonograph records, tape recordings, photographs, microfilm, microfiche, and posters, including items described in the following:

(a) 15 CFR 399.1, Control List, Group 5, CL No. 7599I: microfilm that reproduces the content of certain publications, and similar materials.

(b) 15 CFR 399.1, Control List, Group 9, CL No. 7999I: certain publications and related materials.

### § 550.412 Termination and acquisition of an interest of the Government of Libya.

(a) Whenever a transaction licensed or authorized by or pursuant to this

## 31 CFR Ch. V (7-1-02 Edition)

part results in the transfer of property (including any property interest) away from the Government of Libya, such property shall no longer be deemed to be property in which the Government of Libya 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 to the Government of Libya, such property shall be deemed to be property in which there exists an interest of the Government of Libya.

[51 FR 2464, Jan. 16, 1986]

### § 550.413 Payments to Libya prohibited.

The prohibition of transfers of property or interests in property to the Government of Libya in § 550.209 applies to payments and transfers of any kind whatsoever, including payment of debt obligations, fees, taxes, and royalties owed to the Government of Libya, and also including payment or transfer of dividend checks, interest payments, and other periodic payments. Such payments may be made into blocked accounts as provided in § 550.511.

[51 FR 2464, Jan. 16, 1986]

### § 550.414 Exports of Libyan-titled goods.

(a) The prohibitions contained in § 550.209 shall apply to any goods in the possession or control of a U.S. person if the Government of Libya had title to such property as of 4:10 p.m. e.s.t., on January 8, 1986, or acquired title after such time.

(b) Section 550.209 does not prohibit the export to Libya of the goods described in paragraph (a) of this section if such export is either not prohibited by § 550.202 or permitted by an authorization or license issued pursuant to this part.

(c) If the goods described in paragraph (a) of this section are not exported as described in paragraph (b) of this section, the property shall remain blocked and no change in title or other transaction regarding such property is

permitted, except pursuant to an authorization or license issued pursuant to this part.

[51 FR 2464, Jan. 16, 1986]

**§ 550.415 Advance payments.**

The prohibitions contained in § 550.209 do not apply to goods manufactured, consigned, or destined for export to Libya, if the Government of Libya did not have title to such goods on or at any time after 4:10 p.m. e.s.t., January 8, 1986. However, if such goods are not exported to Libya prior to 12:01 p.m. e.s.t., February 1, 1986, then any advance payment received in connection with such property is subject to the prohibitions contained in § 550.209.

[51 FR 2464, Jan. 16, 1986]

**§ 550.416 Imports of Libyan goods and purchases of goods from Libya.**

The prohibitions contained in § 550.209 shall not apply to the goods described in §§ 550.201 and 550.204 if the importation or purchase of such goods is either not prohibited by §§ 550.201 and 550.204 or permitted by an authorization or license issued pursuant to this part. However, any payments in connection with such imports or purchases are subject to the prohibitions contained in § 550.209.

[51 FR 2464, Jan. 16, 1986]

**§ 550.417 Letters of credit.**

(a) *Question.* Prior to 4:10 p.m. e.s.t., January 8, 1986, a bank that is a U.S. person has issued or confirmed a documentary letter of credit for the Government of Libya as account party in favor of a U.S. person. The bank does not hold funds for the Government of Libya out of which it could reimburse itself for payment under the letter of credit. The U.S. person presents documentary drafts for exports to Libya made after 4:10 p.m. e.s.t., January 8, 1986. May the bank pay the U.S. exporter against the drafts?

*Answer.* No. Such a payment is prohibited by §§ 550.206 and 550.209, as an extension of credit to the Government of Libya and a transfer of property in which there is an interest of the Government of Libya.

(b) *Question.* On the same facts as in paragraph (a), the bank holds deposits

for the Government of Libya. May it pay on the letter of credit and debit the blocked funds for reimbursement?

*Answer.* No. A debit to a blocked account is prohibited by § 550.209 except as licensed.

(c) *Question.* On the same facts as in paragraph (a), the Government of Libya, after 4:10 p.m. e.s.t., January 8, 1986, transfers funds to the bank to collateralize the letter of credit for purposes of honoring the obligation to the U.S. exporter. Is the transfer authorized and may the bank pay against the draft?

*Answer.* Yes. In accordance with § 550.515, the transfer by the Government of Libya to the bank is licensed. The funds are not blocked and the bank is authorized to pay under the letter of credit and reimburse itself from the funds.

(d) *Question.* Prior to 4:10 p.m. e.s.t., January 8, 1986, a foreign bank confirms a documentary letter of credit issued by its U.S. agency or branch for a non-Libyan account party in favor of a Libyan entity. Can the U.S. agency or branch of the foreign bank transfer funds to that foreign bank in connection with that foreign bank's payment under the letter of credit?

*Answer.* No, the payment of the U.S. agency or branch is blocked, unless the foreign bank made payment to the Libyan entity prior to 4:10 p.m. e.s.t., January 8, 1986.

[51 FR 2465, Jan. 16, 1986]

**§ 550.418 Payments from blocked accounts for U.S. exporters and 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 12:01 a.m. e.s.t., February 1, 1986, except as authorized pursuant to this part.

[51 FR 2465, Jan. 16, 1986]

**§ 550.419 Acquisition of instruments, including bankers' acceptances.**

Section 550.209 prohibits the acquisition by any U.S. person of any obligation, including bankers' acceptances, in which the documents evidencing the obligation indicate, or the U.S. person

## § 550.420

has actual knowledge, that the transaction being financed covers property in which, on or after 4:10 p.m. e.s.t., January 8, 1986, the Government of Libya has an interest of any nature whatsoever.

[51 FR 2465, Jan. 16, 1986]

### § 550.420 Indirect payments to the Government of Libya.

The prohibition in § 550.209 on payments or transfers to the Government of Libya applies to indirect payments (including reimbursement of a non-U.S. person for payment, as, for example, on a guarantee) made after 4:10 p.m. e.s.t., January 8, 1986.

[51 FR 2465, Jan. 16, 1986]

### § 550.421 Setoffs prohibited.

A setoff against a blocked account, whether by a bank or other U.S. person, is a prohibited transfer under § 550.209 if effected after 4:10 p.m. e.s.t., January 8, 1986.

[51 FR 2465, Jan. 16, 1986]

### § 550.422 Exportation of services; performance of service contracts; legal services.

(a) The prohibition on the exportation of services contained in § 550.202 applies to services performed:

- (1) In the United States;
- (2) By an entity located in the United States, including its overseas branches; or

(3) Outside the United States by an individual U.S. person ordinarily resident in the United States; on behalf of the Government of Libya, or where the benefit of such services is otherwise received in Libya. The benefit of services performed anywhere in the world on behalf of the Government of Libya, including services performed for a controlled entity or specially designated national of the Government of Libya, is presumed to be received in Libya.

(b) The prohibitions contained in §§ 550.205 and 550.209 apply to services performed by U.S. persons, wherever located:

- (1) On behalf of the Government of Libya;
- (2) With respect to property interests of the Government of Libya; or

## 31 CFR Ch. V (7-1-02 Edition)

(3) In support of an industrial or other commercial or governmental project in Libya.

(c) *Example:* U.S. persons may not, without specific authorization from the Office of Foreign Assets Control, represent an individual or entity with respect to contract negotiations, contract performance, commercial arbitration, or other business dealings with the Government of Libya. See § 550.517 on licensing policy with regard to the provision of certain legal services.

[58 FR 13199, Mar. 10, 1993]

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

### § 550.501 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 Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act, shall be deemed to authorize or validate any transaction effected prior to the issuance of the license, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Treasury Department and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transactions prohibited by any provision of parts 500, 505, 515, 520, 535, 540, or 545 of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing a transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions 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

**Office of Foreign Assets Control, Treasury**

**§ 550.511**

property which would not otherwise exist under ordinary principles of law.

**§ 550.502 Exclusion from licenses and authorizations.**

The Secretary of the Treasury reserves the right to exclude any person or property from the operation of any license or to restrict the applicability thereof to any person or property. Such action shall be binding upon all persons receiving actual or constructive notice thereof.

**§ 550.503 Imports pursuant to Executive Order 12538.**

Petroleum products loaded aboard maritime vessels at any time prior to November 17, 1985 may be imported into the United States if such importation would be permitted pursuant to Executive Order 12538 of November 15, 1985 (50 FR 47527).

**§ 550.504 Certain exports authorized.**

All transactions ordinarily incident to the exportation of any item, commodity, or product from the United States to or destined for Libya are authorized if such exports are authorized under one or more of the following regulations administered by the Department of Commerce:

(a) 15 CFR 371.6, General license BAGGAGE: accompanied and unaccompanied baggage;

(b) 15 CFR 371.13, General license GUS: shipments to personnel and agencies of the U.S. Government;

(c) 15 CFR 371.18, General license GIFT: shipments of gift parcels;

(d) 15 CFR 379.3, General license GTDA: technical data available to all destinations.

**§ 550.505 Certain imports for diplomatic or official personnel authorized.**

All transactions ordinarily incident to the importation of any goods or services into the United States from Libya are authorized if such imports are destined for official or personal use by personnel employed by Libyan missions to international organizations located in the United States, and such imports are not for resale.

**§ 550.506 Certain services relating to participation in various events authorized.**

The importation of services of Libyan origin into the United States is authorized where a Libyan national enters the United States on a visa issued by the State Department for the purpose of participating in a public conference, performance, exhibition or similar event.

**§ 550.507 Import of publications authorized.**

The importation into the United States is authorized of all Libyan publications as defined in § 550.411.

**§ 550.508 Import of certain gifts authorized.**

The importation into the United States is authorized for goods of Libyan origin sent as gifts to persons in the United States where the value of the gift is not more than \$100.

**§ 550.509 Import of accompanied baggage authorized.**

Persons entering the United States directly or indirectly from Libya are authorized to import into the United States personal accompanied baggage normally incident to travel.

**§ 550.510 Telecommunications and mail transactions authorized.**

All transactions of common carriers incident to the receipt or transmission of telecommunications and mail between the United States and Libya are authorized.

**§ 550.511 Payments and transfers to blocked accounts in domestic banks.**

(a) Any payment or transfer of credit, including any payment or transfer by any U.S. person outside the United States, to a blocked account in a domestic bank in the name of the Government of Libya is hereby authorized, provided that such payment or transfer shall not be made from any blocked account in another banking institution within the United States, or if such payment or transfer represents, directly or indirectly, a transfer of any interest of the Government of Libya to any other country or person.

## § 550.512

(b) This section does not authorize any transfer from a blocked account within the United States to an account held by any bank outside the United States. This section only authorizes payment into a blocked account held by a domestic bank as defined in § 550.317.

(c) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of the Government of Libya where such government is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction in the United States including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(d) 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.

(e) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, or the income derived from such securities 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 were held.

(f) This section does not authorize any payment or transfer from a blocked account in a domestic bank 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.

(g) This section authorizes transfer of a blocked demand deposit account to a blocked interest-bearing account in the name of the same person at the instruction of the depositor at any time. If such transfer is to a blocked account in a different domestic bank, such bank must furnish notification as described in the note to this section.

## 31 CFR Ch. V (7-1-02 Edition)

NOTE TO § 550.511: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[51 FR 2465, Jan. 16, 1986, as amended at 57 FR 41697, Sept. 11, 1992; 58 FR 47645, Sept. 10, 1993; 62 FR 45108, Aug. 25, 1997]

### § 550.512 Payment of certain checks and drafts and documentary letters of credit.

(a) A bank which is a U.S. person is hereby authorized to make payments from blocked accounts within such bank of checks and drafts drawn or issued prior to 4:10 p.m. e.s.t., January 8, 1986, provided that:

(1) The amount involved in any one payment, acceptance, or debit does not exceed \$5,000; or

(2) The check or draft was in process of collection by a bank which is a U.S. person on or prior to such date and does not exceed \$50,000; or

(3) The check or draft is in payment for goods furnished or services rendered by a non-Libyan entity prior to 4:10 p.m. e.s.t., January 8, 1986.

(4) The authorization contained in paragraph (a) of this section, shall expire at 12:01 a.m., February 17, 1986.

(b) Payments are authorized from blocked accounts of documentary drafts drawn under irrevocable letters of credit issued or confirmed in favor of a non-Libyan entity by a bank which is a U.S. person prior to 4:10 p.m. e.s.t., January 8, 1986, provided that (1) the goods that are the subject of the payment under the letter of credit have been exported prior to 4:10 p.m. e.s.t., January 8, 1986; and (2) payment under the letter of credit is made by 12:01 a.m. e.s.t., February 17, 1986.

(c) Paragraphs (a) and (b) of this section, do not authorize any payment to a Libyan entity except payments into a blocked account in a domestic bank in accordance with § 550.511.

[51 FR 2465, Jan. 16, 1986]

### § 550.513 Completion of certain securities transactions.

(a) Banking institutions within the United States are hereby authorized to complete, on or before January 21, 1986, purchases and sales made prior to 4:10 p.m. e.s.t., January 8, 1986, of securities purchased or sold for the account of



the Government of Libya provided the following terms and conditions are complied with, respectively:

(1) The proceeds of such sale are credited to a blocked account in a banking institution within the United States in the name of the person for whose account the sale was made; and

(2) The securities so purchased are held in a blocked account in a banking institution within the United States in the name of the person for whose account the purchase was made.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, 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 were held.

[51 FR 2466, Jan. 16, 1986]

**§ 550.515 [Reserved]**

**§ 550.517 Exportation of certain legal services to the Government of, or persons in, Libya.**

(a) The provision to the Government of Libya, or to a person in Libya, of the legal services set forth in paragraph (b) of this section is authorized, provided that all receipt of payment therefor must be specifically licensed. The provision of any other legal services as interpreted in § 550.422 requires the issuance of a specific license.

(b) Specific licenses are issued, on a case-by-case basis, authorizing receipt, from unblocked sources, of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to the Government of Libya or to a person in Libya:

(1) Provision of legal advice and counselling to the Government of Libya or to a person in Libya on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counselling is not provided to facilitate transactions in violation of subpart B of this part;

(2) Representation of the Government of Libya or of a person in Libya when named as a defendant in or otherwise made a party to domestic U.S. legal,

arbitration, or administrative proceedings;

(3) Initiation of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction of the Government of Libya that were in existence prior to January 8, 1986, or of a person in Libya;

(4) Representation of the Government of Libya or a person in Libya before any federal agency with respect to the imposition, administration, or enforcement of U.S. sanctions against Libya; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) Enforcement of any lien, judgment, arbitral award, decree or other order through execution, garnishment or other judicial process purporting to transfer or otherwise alter or affect a property interest of the Government of Libya is prohibited unless specifically licensed in accordance with § 550.210(e).

[58 FR 13199, Mar. 10, 1993]

**§ 550.520 Entries in certain accounts for normal service charges.**

(a) Any banking institution within the United States is hereby authorized to:

(1) Debit any blocked account with such banking institution (or with another office within the United States of such banking institution) in payment or reimbursement for normal service charges owed to such banking institution by the owner of such blocked account.

(2) Make book entries against any foreign currency account maintained by it with a banking institution in Libya for the purpose of responding to debits to such account for normal service charges in connection therewith.

(b) As used in this section, the term *normal service charge* shall include charges assessed according to the published fee schedule of the holder of such property and applicable to other depositors on deposits of comparable size and maturity.

[57 FR 41697, Sept. 11, 1992]

**§ 550.560 Transactions related to travel to, and residence within, Libya by immediate family members of Libyan nationals.**

Licensing Section, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220, Telephone: (202) 376-0236.

(a) *General License.* Subject to compliance with the registration requirements set forth in paragraph (d) of this section, the following transactions are authorized in connection with travel to, from and within Libya and residence within Libya by U.S. citizens and permanent resident aliens who are immediate family members of Libyan nationals:

Registration under this paragraph is deemed complete upon receipt at one of the above addresses of a letter, signed by or on behalf of each eligible U.S. citizen or permanent resident alien being registered, containing the following information:

(1) All transportation-related transactions ordinarily incident to travel to, from and within Libya.

(i) The name and the date and place of birth of the U.S. citizen(s) or permanent resident alien(s) registering (the "registrant"), including the name on which the registrant's most recent U.S. passport or Alien Registration Receipt Card was issued, if different;

(2) All transactions ordinarily incident to residence within Libya, including payment of living expenses and the acquisition in Libya of goods for personal use or consumption there.

(ii) If applicable, the place and date of the registrant's naturalization as a U.S. citizen, and the number of the registrant's naturalization certificate, *or*, for permanent resident aliens, the Alien Registration Number of the registrant's Alien Registration Receipt Card;

(3) All transactions incident to the processing and payment of checks, drafts, traveler's checks, and similar instruments negotiated in Libya by any person licensed under this section.

(iii) The name, relationship, and address of the Libyan national with whom the registrant resides as an immediate family member and whose relationship forms the basis for the registrant's eligibility under this general license; and

(4) The purchase within Libya and importation as accompanied baggage of items for noncommercial use, provided that the aggregate value of such purchases imported into the United States conforms to limitations established by the United States Customs Service.

(iv) The number and issue date of the registrant's current U.S. passport, and the most recent date on which the passport was validated by the U.S. Department of State for travel to Libya; *or*, if the registrant does not hold a current U.S. passport, the country, issue date, and number of the registrant's current passport or other travel document, if any.

(b) *Definition.* For purposes of this section, the term *immediate family member* means a spouse, child, parent, mother-in-law, father-in-law, son-in-law or daughter-in-law.

(c) *Specific Licenses.* Specific licenses authorizing the transactions set forth in paragraph (a) of this section may be issued in appropriate cases to persons similarly situated to the persons described in paragraph (b) of this section where such specific licenses are necessary to preserve the integrity of established family units.

(2) The lack of validation of a registrant's U.S. passport for travel to Libya does not affect eligibility for the benefits of the general license set forth in this section for persons who otherwise qualify. Current information on travel document status as requested in paragraph (d)(1) of this section must, however, be furnished to register a registrant's eligibility for this license.

(d) *Registration.* (1) The general license set forth in this section is available only to those U.S. citizens and permanent resident aliens who register their eligibility in writing with either of the following:

Embassy of Belgium, Ali Obeydah St., Ibn El Jarah No. 1, Immeuble Chirlando, Tripoli, Libya, Telephone: 37797

or

(e) *Other requirements.* The general license set forth in this section shall not operate to relieve any person licensed hereunder from compliance with any

other U.S. legal requirements applicable to the transactions authorized pursuant to paragraph (a) of this section.

[51 FR 19752, June 2, 1986]

**§ 550.568 Certain standby letters of credit and performance bonds.**

(a) Notwithstanding any other provision of law, payment into a blocked account in a domestic bank by an issuing or confirming bank under a standby letter of credit in favor of a Libyan entity is prohibited by § 550.209 and not authorized, notwithstanding the provisions of § 550.511, if either (1) a specific license has been issued pursuant to the provisions of paragraph (b) of this section or (2) ten business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Libyan entity in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this section relieves any such bank or such account party from giving any notice of defense against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank shall not make payment under the standby letter of credit unless (1) ten business days have expired since the bank has received notice of the removal of the injunction and (2) a specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Secretary may at any time require the payment of the amounts due under any letter of credit described in paragraph (a) of this section into a blocked account in a domestic bank or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes the account party on any standby letter of credit or any other person from at any time contesting the legality of the demand from Libyan entity or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties of the instruments covered by this section if the instruments and payments thereunder are subsequently unblocked.

(g) For the purposes of this section,

(1) The term *standby letter of credit* shall mean a letter of credit securing performance of, or repayment of any advance payments or deposits under, a contract with the Government of Libya, or any similar obligation in the nature of a performance bond; and

(2) The term *account party* shall mean the person for whose account the standby letter of credit is opened.

(h) The regulations do not authorize any U.S. person to reimburse a non-U.S. bank for payment to the Government of Libya under a standby letter of credit, except by payments into a blocked account in accordance with § 550.511 or paragraph (b) or (c) of this section.

(i) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within five business days after receipt of that license that it has established the blocked account on its books as provided for in those paragraphs. However, in appropriate cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(j) The extension or renewal of a standby letter of credit is authorized.

[51 FR 2466, Jan. 16, 1986]

**§ 550.569 Commercial sales and exportation of agricultural commodities, medicine, and medical devices.**

(a) *One-year license requirement.* The exportation of agricultural commodities (including bulk agricultural commodities listed in appendix A to this part 550), medicine, or medical devices to the Government of Libya, any entity in Libya, individuals in Libya, or persons in third countries purchasing specifically for resale to any of the foregoing, shall only be made pursuant to a one-year license issued by the United States Department of the Treasury, Office of Foreign Assets Control, for contracts entered into during the one-year period of the license and shipped within the 12-month period beginning on the date of the signing of the contract. No license will be granted for the exportation of agricultural commodities, medicine, or medical equipment to any entity or individual in Libya promoting international terrorism. Executory contracts entered into pursuant to paragraph (b)(2) of this section prior to the issuance of the one-year license described in this paragraph shall be deemed to have been signed on the date of issuance of that one-year license (and, therefore, the exporter is authorized to make shipments under that contract within the 12-month period beginning on the date of issuance of the one-year license).

(b) *General license for arrangement of exportation of covered products.* (1) The making of shipping arrangements, cargo inspection, obtaining of insurance, and arrangement of financing (consistent with § 550.571) for the exportation of agricultural commodities, medicine, and medical devices to the Government of Libya, entities in Libya, individuals in Libya, or persons in third countries purchasing specifically for resale to any of the foregoing, is authorized.

(2) If desired, entry into executory contracts (including executory pro forma invoices, agreements in principle, or executory offers capable of acceptance such as bids in response to public tenders) for the exportation of agricultural commodities, medicine, and medical devices to the Government of Libya, entities in Libya, individuals in Libya, or persons in third countries

purchasing specifically for resale to any of the foregoing, is authorized, provided that performance of an executory contract is expressly made contingent upon the prior issuance of the one-year license described in paragraph (a) of this section.

(c) *Instructions for obtaining one-year licenses.* In order to obtain the one-year license described in paragraph (a), the exporter must provide to the Office of Foreign Assets Control:

(1) The applicant's full legal name (if the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business).

(2) The applicant's mailing and street address (so that OFAC may reach a responsible point of contact, the applicant should also include the name of the individual(s) responsible for the application and related commercial transactions along with their telephone and fax numbers and, if available, email addresses).

(3) The names and addresses and, if available, fax and phone numbers of all parties with an interest in the transaction. If the goods are being exported to a purchasing agent in Libya, the exporter must identify the agent's principals at the wholesale level for whom the purchase is being made. If the goods are being exported to an individual, the exporter must identify any organizations or entities with which the individual is affiliated that have an interest in the transaction.

(4) A description of all items to be exported pursuant to the requested one-year license, including a statement that the item is classified as EAR 99, and, if necessary, documentation sufficient to verify that the items to be exported are classified as EAR 99 and do not fall within any of the limitations contained in paragraph (d) of this section.

(5) An Official Commodity Classification of EAR 99 issued by the Department of Commerce, Bureau of Export Administration ("BXA"), certifying that the product is EAR 99 is required to be submitted to OFAC with the request for a license authorizing the exportation or reexportation of all fertilizers, live horses, western red cedar, and medical devices other than basic

medical supplies, such as syringes, bandages, gauze and similar items, that are specifically listed on BXA's website, [www.bxa.doc.gov/Regulations/TradeSanctionsReform/ExportEnhancementAct.html](http://www.bxa.doc.gov/Regulations/TradeSanctionsReform/ExportEnhancementAct.html). Medical supplies that are specifically listed on BXA's website do not require an Official Commodity Classification of EAR 99 from BXA. BXA will also provide a list on its website of medicines that are ineligible for a one-year license under these procedures. If an exporter is uncertain whether the medicine to be exported is eligible, they should seek an Official Commodity Classification of EAR 99 from BXA and submit a copy to OFAC. See, 15 CFR 745.3 for instructions for obtaining Official Commodity Classification of EAR 99 from BXA.

(d) *Limitations.* (1) Nothing in this section or in any license issued pursuant to paragraph (a) of this section relieves the exporter from compliance with the export license application requirements of another Federal agency.

(2) Nothing in this section or in any license issued pursuant to paragraph (a) of this section authorizes the exportation or reexportation of any agricultural commodity, medicine, or medical device controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. 2778); controlled on any control list established under the Export Administration Act of 1979 or any successor statute (50 U.S.C. App. 2401 *et seq.*); or used to facilitate the development or production of a chemical or biological weapon or weapon of mass destruction.

(3) Nothing in this section or in any license issued pursuant to paragraph (a) of this section affects prohibitions on the sale or supply of U.S. technology or software used to manufacture agricultural commodities, medicine, or medical devices, such as technology to design or produce biotechnological items or medical devices.

(4) Nothing in this section or in any license issued pursuant to paragraph (a) of this section affects U.S. non-proliferation export controls, including end-user and end-use controls maintained under the Enhanced Proliferation Control Initiative.

(5) This section does not apply to any transaction or dealing involving property blocked pursuant to this chapter or any other activity prohibited by this chapter not otherwise authorized in this part.

(e) *Covered items.* For the purposes of this part, agricultural commodities, medicine, and medical devices are defined below.

(1) *Agricultural commodities.* For the purposes of this section, agricultural commodities are:

(i) Products that are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, and that fall within the term "agricultural commodity" as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602); and

(ii) Products not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, that are intended for ultimate use in Libya as:

(A) Food for humans (including raw, processed, and packaged foods; live animals; vitamins and minerals; food additives or supplements; and bottled drinking water) or animals (including animal feeds);

(B) Seeds for food crops;

(C) Fertilizers or organic fertilizers;

or

(D) Reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals.

(2) *Medicine.* For the purposes of this section, the term *medicine* has the same meaning given the term "drug" in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

(3) *Medical device.* For the purposes of this section, the term *medical device* has the meaning given the term "device" in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

## § 550.570

(f) *Transition period.* (1) Specific licenses issued prior to July 26, 2001 authorizing the performance of executory contracts for the sale of agricultural commodities, medicine, or medical equipment shall remain in effect until the expiration date specified in the license or July 26, 2002, whichever comes first. However, after July 26, 2001, new contracts for the exportation of agricultural commodities, medicine, or medical devices may be entered into only pursuant to the terms of, and as authorized by, this part.

(2) Specific licenses issued prior to July 26, 2001 authorizing the sale and exportation or reexportation of bulk agricultural commodities listed in Appendix A to 31 CFR parts 538 and 550 and Appendix B to 31 CFR part 560 shall remain in effect solely to permit completion of performance of contracts already entered into prior to July 26, 2001 pursuant to the license. As of July 26, 2001, new contracts for the exportation of bulk agricultural commodities may be entered into only pursuant to the terms of, and as authorized by, this part.

[66 FR 36690, July 12, 2001]

## § 550.570 [Reserved]

### § 550.571 Payment for and financing of exports of agricultural commodities, medicine, and medical equipment.

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 550.569 and 550.570 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Libya entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in para-

## 31 CFR Ch. V (7-1-02 Edition)

graph (a) of this section for sales pursuant to §§ 550.569 and 550.570. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No debits to blocked accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit to an account of the Government of Libya blocked pursuant to this part.

(d) *Transfers through the U.S. financial system.* Before a United States financial institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States financial institution must determine that the underlying transaction is not prohibited by this part. Any payment relating to a transaction authorized in or pursuant to § 550.569 or § 550.572 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the blocking or rejection of the transfer.

(e) Notwithstanding any other provision of this part, no commercial exportation to Libya may be made with United States Government assistance, including United States foreign assistance, United States export assistance, and any United States credit or guarantees absent a Presidential waiver.

[64 FR 41790, Aug. 2, 1999, as amended at 64 FR 58791, Nov. 1, 1999; 66 FR 36691, July 12, 2001]

### § 550.572 Brokering sales of agricultural commodities, medicine, and medical devices.

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to provide brokerage services on behalf of U.S. persons for the sale and exportation or reexportation by United States persons of agricultural commodities, medicine, and medical devices, provided that the sale and exportation or reexportation is authorized by a one-year license issued pursuant to § 550.569.

(b) *Specific licensing for brokering sales by non-U.S. persons of bulk agricultural commodities.* Specific licenses may be issued on a case-by-case basis to permit United States persons to provide brokerage services on behalf of non-United States, non-Libyan persons for the sale

and exportation or reexportation of bulk agricultural commodities to the Government of Libya, entities in Libya or individuals in Libya. Specific licenses issued pursuant to this section will authorize the brokering only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix A to this part 550;

(2) Are to purchasers permitted pursuant to § 550.569;

NOTE TO PARAGRAPH (b)(2): Requests for specific licenses to provide brokerage services under this paragraph must include all of the information described in § 550.569(c).

(3) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to blocked accounts.* Payment for any brokerage fee earned pursuant to this section may not involve a debit to an account blocked pursuant to this part.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

[64 FR 41790, Aug. 2, 1999, as amended at 64 FR 58791, Nov. 1, 1999; 66 FR 36691, July 12, 2001]

**§ 550.573 Travel transactions in connection with the exportation of agricultural commodities, medicine, and medical devices.**

Travel transactions to, from, and within Libya for the sole purpose of engaging in transactions authorized by § 550.569 are authorized. Travel transactions related to installation or servicing of medical equipment sold pursuant to § 550.569 must be authorized by specific license. See § 501.801(b) of this

chapter for specific licensing procedures.

NOTE TO § 550.573: U.S. passports must be validated by the U.S. Department of State for travel to Libya.

[66 FR 36692, July 12, 2001]

**Subpart F—Reports**

**§ 550.601 Records and reports.**

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

[62 FR 45108, Aug. 25, 1997]

**Subpart G—Penalties**

**§ 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 adjusted 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

## § 550.702

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.

(d) 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.

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

[51 FR 1354, Jan. 10, 1986, as amended at 61 FR 43461, Aug. 23, 1996; 61 FR 54939, Oct. 23, 1996; 62 FR 45108, Aug. 25, 1997]

## § 550.702 Detention of shipments.

Import shipments into the United States of goods of Libyan origin in violation of § 550.201 and export shipments from the United States of goods destined for Libya in violation of § 550.202 shall be detained. No such import or export shall be permitted to proceed, except as specifically authorized by the Secretary of the Treasury. Such shipments shall be subject to licensing, penalties or forfeiture action, under the Customs laws or other applicable provision of law, depending on the circumstances.

## § 550.703 Prepenalty notice.

(a) *When required.* If the Director of the Office of Foreign Assets Control (hereinafter "Director") 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

## 31 CFR Ch. V (7-1-02 Edition)

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 penalty. 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:

(i) Describe the violation.

(ii) Specify the laws and regulations allegedly violated.

(iii) 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 thirty (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.

[53 FR 7357, Mar. 8, 1988]

## § 550.704 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.

[53 FR 7357, Mar. 8, 1988]

## § 550.705 Penalty notice.

(a) *No violation.* If, after considering any presentations made in response to the prepenalty notice, 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 that 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.

[53 FR 7358, Mar. 8, 1988]

**§ 550.706 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 thirty 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.

[53 FR 7358, Mar. 8, 1988]

**Subpart H—Procedures**

**§ 550.801 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 subpart D of part 501 of this chapter.

[62 FR 45108, Aug. 25, 1997]

**§ 550.802 Delegation by the Secretary of the Treasury.**

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 12543, Executive Order 12544, Executive Order 12801, and any further Executive orders relating to the national emergency declared with respect to Libya in Executive Order 12543 may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom

the Secretary of the Treasury has delegated authority so to act.

[51 FR 1354, Jan. 10, 1986, as amended at 57 FR 41697, Sept. 11, 1992. Redesignated at 62 FR 45108, Aug. 25, 1997]

**§ 550.803 Customs procedures: Merchandise specified in § 550.201.**

(a) With respect to merchandise specified in § 550.201, appropriate Customs officers shall not accept or allow any:

(1) Entry for consumption or warehousing (including any appraisal entry, any entry of goods imported in the mails, regardless of value, and any informal entry);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Entry for immediate transportation;

(5) Withdrawal from warehouse;

(6) Entry, transfer or withdrawal from a foreign trade zone; or

(7) Manipulation or manufacture in a warehouse or in a foreign trade zone, unless:

(i) The merchandise was imported prior to 12:01 a.m., Eastern Standard Time, February 1, 1986, or

(ii) A specific license pursuant to this part is presented, or

(iii) Instructions from the Office of Foreign Assets Control, authorizing the transactions are received.

(b) Whenever a specific license is presented to an appropriate Customs officer in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the appropriate Customs officers at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, shall bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license shall be presented to the appropriate Customs officers in respect of each such transactions and shall bear a notation in ink by the licensee or person presenting the license showing the description, quantity and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation shall be so placed and so written that

**§ 550.901**

there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal or other transactions with regard to the merchandise, the appropriate Customs officer, or other authorized Customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the appropriate Customs officer to the Office of Foreign Assets Control.

(c) If it is unclear whether an entry, withdrawal or other action affected by this section requires a specific Foreign Assets Control license, the appropriate Customs officer shall withhold action thereon and shall advise such person to communicate directly with the Office of Foreign Assets Control to request that instructions be sent to the Customs officer to authorize him to take action with regard thereto.

[51 FR 1354, Jan. 10, 1986, as amended at 57 FR 1390, Jan. 14, 1992. Redesignated at 62 FR 45108, Aug. 25, 1997]

**Subpart I—Miscellaneous**

**§ 550.901 Paperwork Reduction Act notice.**

The information collection requirements in § 550.560(d) have been approved by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act (44 U.S.C. 3507(j)) and assigned control number 1505-0093. For approval by OMB under the Paperwork Reduction Act of information collections relating to recordkeeping 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 45108, Aug. 25, 1997]

**31 CFR Ch. V (7-1-02 Edition)**

**APPENDIX A TO PART 550—BULK AGRICULTURAL COMMODITIES**

NOTES: 1. Appendix A sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 550.570.

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 41791, Aug. 2, 1999]

APPENDIX B TO PART 560—ELIGIBLE  
PROCUREMENT BODIES

This Appendix B sets forth eligible procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state. See § 560.570(e).

National Supply Corporation (a.k.a. National Supplies Corporation; a.k.a. NASCO).

[64 FR 58791, Nov. 1, 1999]

**PART 560—IRANIAN  
TRANSACTIONS REGULATIONS**

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

Sec.

560.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

560.201 Prohibited importation of goods or services from Iran.  
560.202 [Reserved]  
560.203 Evasions; attempts.  
560.204 Prohibited exportation, reexportation, sale or supply of goods, technology, or services to Iran.  
560.205 Prohibited reexportation of goods, technology or services to Iran or the Government of Iran by persons other than United States persons; exceptions.  
560.206 Prohibited trade-related transactions with Iran; goods, technology, or services.  
560.207 Prohibited investment.  
560.208 Prohibited facilitation by United States persons of transactions by foreign persons.  
560.209 Prohibited transactions with respect to the development of Iranian petroleum resources.  
560.210 Exempt transactions.

**Subpart C—General Definitions**

560.301 Effective date.  
560.302 [Reserved]  
560.303 Iran; Iranian.  
560.304 Government of Iran.  
560.305 Person; entity.  
560.306 Iranian-origin goods or services; goods or services owned or controlled by the Government of Iran.  
560.307 United States.  
560.308 Importation of goods.  
560.309 [Reserved]  
560.310 License.  
560.311 General license.  
560.312 Specific license.  
560.313 Entity owned or controlled by the Government of Iran.  
560.314 United States person.

560.315 Information and informational materials.  
560.316 New investment.  
560.317 Credits or loans.  
560.318 [Reserved]  
560.319 United States depository institution.  
560.320 Iranian accounts.

**Subpart D—Interpretations**

560.401 Reference to amended sections.  
560.402 Effect of amendment.  
560.403 Transshipment through Iran.  
560.404 [Reserved]  
560.405 Transactions incidental to a licensed transaction authorized.  
560.406 Transshipment or transit through United States prohibited.  
560.407 Transactions related to Iranian-origin goods.  
560.408 Importation into and release from a bonded warehouse or foreign trade zone.  
560.409 [Reserved]  
560.410 Exportation, reexportation, sale or supply of services.  
560.411 [Reserved]  
560.412 Extensions of credit or loans to Iran.  
560.413 Letter of credit payments by Iranian banks in the United States.  
560.414 Reexportation of certain U.S.-origin goods exported prior to May 7, 1995.  
560.416 Brokering services.  
560.417 Facilitation; change of policies and procedures; referral of business opportunities offshore.  
560.418 Release of technology or software in the United States or a third country.  
560.419 U.S. employment of persons normally located in Iran.  
560.420 Reexportation by non-U.S. persons of certain foreign-made products containing U.S.-origin goods or technology.

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

560.501 Effect of license or authorization.  
560.502 Exclusion from licenses and authorizations.  
560.503–560.504 [Reserved]  
560.505 Importation of certain Iranian-origin services authorized; activities related to certain visa categories authorized.  
560.506 Importation and exportation of certain gifts authorized.  
560.507 Accompanied baggage authorized.  
560.508 Telecommunications and mail transactions authorized.  
560.509 Certain transactions related to patents, trademarks and copyrights authorized.  
560.510 Transactions related to the resolution of disputes between the United States or United States nationals and the Government of Iran.

## § 560.101

- 560.511 Exportation or supply of insubstantial United States content for use in foreign-made products or technology.
- 560.512 Iranian Government missions in the United States.
- 560.513 Importation of Iranian-origin oil.
- 560.514 [Reserved]
- 560.515 30-day delayed effective date for pre-May 7, 1995 trade contracts involving Iran.
- 560.516 Payment and United States dollar clearing transactions involving Iran.
- 560.517 Exportation of services: Iranian accounts at United States depository institutions.
- 560.518 Transactions in Iranian-origin and Iranian Government property.
- 560.519 Policy governing news organization offices.
- 560.520 Exportation of agricultural commodities on contracts entered into prior to May 7, 1995.
- 560.521 Diplomatic pouches.
- 560.522 Allowable payments for overflights of Iranian airspace.
- 560.523 Exportation of equipment and services relating to information and informational materials.
- 560.524 Household goods and personal effects.
- 560.525 Exportation of certain legal services.
- 560.526 Commodities trading and related transactions.
- 560.527 Rescheduling existing loans.
- 560.528 Aircraft safety.
- 560.529 Bunkering and emergency repairs.
- 560.530 Commercial sales, exportation, and reexportation of agricultural commodities, medicine, and medical equipment.
- 560.531 [Reserved]
- 560.532 Payment for and financing of exports and reexports of commercial commodities, medicine, and medical devices.
- 560.533 Brokering sales of agricultural commodities, medicine, and medical devices.
- 560.534 Importation to the United States of, and dealing in, certain foodstuffs and carpets authorized.
- 560.535 Letters of credit and brokering services relating to certain foodstuffs and carpets.

### Subpart F—Reports

- 560.601 Records and reports.
- 560.602 [Reserved]
- 560.603 Reports on oil transactions engaged in by foreign affiliates.

### Subpart G—Penalties

- 560.701 Penalties.
- 560.702 Detention of shipments.
- 560.703 Prepenalty notice.
- 560.704 Presentation responding to prepenalty notice.
- 560.705 Penalty notice.

## 31 CFR Ch. V (7–1–02 Edition)

- 560.706 Referral for administrative collection measures or to United States Department of Justice.

### Subpart H—Procedures

- 560.801 Procedures.
- 560.802 Delegation by the Secretary of the Treasury.
- 560.803 Customs procedures: Goods specified in § 560.201.

### Subpart I—Paperwork Reduction Act

- 560.901 Paperwork Reduction Act notice.
- APPENDIX A TO PART 560—FINANCIAL INSTITUTIONS DETERMINED TO BE OWNED OR CONTROLLED BY THE GOVERNMENT OF IRAN
- APPENDIX B TO PART 560—BULK AGRICULTURAL COMMODITIES
- APPENDIX C TO PART 560—ELIGIBLE PROCUREMENT BODIES

AUTHORITY: 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 22 U.S.C. 2349aa–9; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 106–387, 114 Stat. 1549; E.O. 12613, 52 FR 41940, 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; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217.

SOURCE: 60 FR 47063, Sept. 11, 1995, unless otherwise noted.

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

#### § 560.101 Relation of this part to other laws and regulations.

(a) This part is separate from, and independent of, the other parts of this chapter, including part 535 of this chapter, “Iranian Assets Control Regulations,” 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 regulations 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

complying with any other applicable laws or regulations.

[60 FR 47063, Sept. 11, 1995, as amended at 62 FR 45109, Aug. 25, 1997]

### Subpart B—Prohibitions

#### § 560.201 Prohibited importation of goods or services from Iran.

Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, the importation into the United States of any goods or services of Iranian origin or owned or controlled by the Government of Iran, other than information and informational materials within the meaning of section 203(b)(3) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(3)), is prohibited.

[64 FR 20170, Apr. 26, 1999]

#### § 560.202 [Reserved]

#### § 560.203 Evasions; attempts.

Any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions contained in this part is hereby prohibited.

#### § 560.204 Prohibited exportation, re-exportation, sale or supply of goods, technology, or services to Iran.

Except as otherwise authorized pursuant to this part, including § 560.511, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran is prohibited, including the exportation, reexportation, sale, or supply of any goods, technology, or services to a person in a third country undertaken with knowledge or reason to know that:

(a) Such goods, technology, or services are intended specifically for supply, transshipment, or reexportation,

directly or indirectly, to Iran or the Government of Iran; or

(b) Such goods, technology, or services are intended specifically for use in the production of, for commingling with, or for incorporation into goods, technology, or services to be directly or indirectly supplied, transshipped, or reexported exclusively or predominantly to Iran or the Government of Iran.

[64 FR 20170, Apr. 26, 1999]

#### § 560.205 Prohibited reexportation of goods, technology or services to Iran or the Government of Iran by persons other than United States persons; exceptions.

(a) Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, the reexportation from a third country, directly or indirectly, by a person other than a United States person, of any goods, technology or services that have been exported from the United States is prohibited, if:

(1) Undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran; and

(2) The exportation of such goods, technology, or services from the United States to Iran was subject to export license application requirements under any United States regulations in effect on May 6, 1995, or thereafter is made subject to such requirements imposed independently of this part (see § 560.414).

(b) The prohibitions of paragraph (a) of this section shall not apply to those goods or that technology subject to export license application requirements if such goods or technology have been:

(1) Substantially transformed into a foreign-made product outside the United States; or

(2) Incorporated into a foreign-made product outside the United States if the aggregate value of such goods and technology described in paragraph (a)(2) of this section constitutes less than 10 percent of the total value of the foreign-made product to be exported from a third country (see § 560.420).

**§ 560.206**

(c) Reexportation by United States persons or from the United States is governed by other sections in this part, including §§ 560.204 and 560.206.

NOTE TO § 560.205. The reexportation of U.S.-origin goods or technology, including U.S.-origin goods or technology that have been incorporated or substantially transformed into a foreign-made product, not prohibited by this section, may require authorization by the U.S. Department of Commerce under the Export Administration Regulations (15 CFR parts 740-774) or by the U.S. State Department under the International Traffic in Arms Regulations (22 CFR 123.9).

[64 FR 20170, Apr. 26, 1999]

**§ 560.206 Prohibited trade-related transactions with Iran; goods, technology, or services.**

(a) Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, no United States person, wherever located, may engage in any transaction or dealing in or related to:

(1) Goods or services of Iranian origin or owned or controlled by the Government of Iran; or

(2) Goods, technology, or services for exportation, reexportation, sale or supply, directly or indirectly, to Iran or the Government of Iran.

(b) For purposes of paragraph (a) of this section, the term *transaction or dealing* includes but is not limited to purchasing, selling, transporting, swapping, brokering, approving, financing, facilitating, or guaranteeing.

[64 FR 20170, Apr. 26, 1999]

**§ 560.207 Prohibited investment.**

Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, any new investment by a United States person in Iran or in property (including entities) owned or controlled by the Government of Iran is prohibited.

[64 FR 20170, Apr. 26, 1999]

**§ 560.208 Prohibited facilitation by United States persons of transactions by foreign persons.**

Except as otherwise authorized pursuant to this part, and notwithstanding

any contract entered into or any license or permit granted prior to May 7, 1995, no United States person, wherever located, may approve, finance, facilitate, or guarantee any transaction by a foreign person where the transaction by that foreign person would be prohibited by this part if performed by a United States person or within the United States.

[64 FR 20171, Apr. 26, 1999]

**§ 560.209 Prohibited transactions with respect to the development of Iranian petroleum resources.**

Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to March 16, 1995, the following are prohibited:

(a) The entry into or performance by a United States person, or the approval by a United States person of the entry into or performance by an entity owned or controlled by a United States person, of:

(1) A contract that includes overall supervision and management responsibility for the development of petroleum resources located in Iran, or

(2) A guaranty of another person's performance under such contract; or

(b) The entry into or performance by a United States person, or the approval by a United States person of the entry into or performance by an entity owned or controlled by a United States person, of

(1) A contract for the financing of the development of petroleum resources located in Iran, or

(2) A guaranty of another person's performance under such a contract.

**§ 560.210 Exempt transactions.**

(a) *Personal communications.* The prohibitions of §§ 560.204 and 560.206 do not apply to any postal, telegraphic, telephonic, or other personal communication, which does not involve the transfer of anything of value.

(b) *Humanitarian donations.* The prohibitions of §§ 560.204 and 560.206 do not apply to donations by United States persons of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering.

(c) *Information and informational materials.* (1) The importation from any

country and the exportation to any country of information and informational materials as defined in § 560.315, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part.

(2) This section does not exempt from regulation or authorize transactions related to information and informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services. Transactions that are prohibited notwithstanding this section include, but are not limited to, payment of advances for information and informational materials not yet created and completed (with the exception of prepaid subscriptions for widely circulated magazines and other periodical publications), and provision of services to market, produce or co-produce, create or assist in the creation of information and informational materials.

(3) This section does not exempt from regulation or authorize transactions incident to the exportation of software subject to the Export Administration Regulations (15 CFR parts 730–774).

(4) This section does not exempt from regulation or authorize the exportation of goods (including software) or technology or the sale or leasing of telecommunications transmission facilities (such as satellite links or dedicated lines) where such exportation, sale or leasing is for use in the transmission of any data.

(d) *Travel*. The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages. This exemption extends to transactions with Iranian carriers and those involving group tours and payments in Iran made for transactions directly incident to travel.

(e) *Letters of Credit*. Letters of credit and other financing agreements with respect to trade contracts in force as of May 6, 1995, may be performed pursuant to their terms with respect to underlying trade transactions occurring prior to 12:01 a.m. EDT, June 6, 1995. See § 560.413.

[60 FR 47063, Sept. 11, 1995, as amended at 64 FR 20171, Apr. 26, 1999; 64 FR 58791, Nov. 1, 1999]

### Subpart C—General Definitions

#### § 560.301 Effective date.

The effective date of the prohibitions and directives contained in subpart B of this part is 12:01 a.m., Eastern Daylight Time, August 20, 1997. For the effective date of pre-existing regulations and directives, see the Executive orders in the Authority citation for this part and implementing regulations.

[64 FR 20171, Apr. 26, 1999]

#### § 560.302 [Reserved]

#### § 560.303 Iran; Iranian.

The term *Iran* means the territory of Iran, and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty, sovereign rights or jurisdiction, provided that the Government of Iran exercises partial or total *de facto* control over the area or derives a benefit from economic activity in the area pursuant to an international agreement. The term *Iranian* means pertaining to Iran as defined in this section.

#### § 560.304 Government of Iran.

The term *Government of Iran* includes:

- (a) The state and the Government of Iran, as well as any political subdivision, agency, or instrumentality thereof;
- (b) Any entity owned or controlled directly or indirectly 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 applicable effective

**§ 560.305**

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

(d) Any person or entity designated by the Secretary of the Treasury as included within paragraphs (a) through (c) of this section.

**§ 560.305 Person; entity.**

(a) The term *person* means an individual or entity.

(b) The term *entity* means a partnership, association, trust, joint venture, corporation or other organization.

**§ 560.306 Iranian-origin goods or services; goods or services owned or controlled by the Government of Iran.**

(a) The terms *goods of Iranian origin* and *Iranian-origin goods* include:

(1) Goods grown, produced, manufactured, extracted, or processed in Iran; and

(2) Goods which have entered into Iranian commerce.

(b) The terms *services of Iranian origin* and *Iranian-origin services* include:

(1) Services performed in Iran or by an entity organized under the laws of Iran, or a person residing in Iran; and

(2) Services performed outside Iran by a citizen, national or permanent resident of Iran who is ordinarily resident in Iran, or by an entity organized under the laws of Iran.

(c) The term *goods or services owned or controlled by the Government of Iran* includes:

(1) Goods grown, produced, manufactured, extracted or processed by the Government of Iran or goods in its possession or control; and

(2) Services performed by the Government of Iran.

(d) The terms *services of Iranian-origin*, *Iranian-origin services*, and *services owned or controlled by the Government of Iran* do not include:

(1) Diplomatic and consular services performed by or on behalf of the Government of Iran;

(2) Diplomatic and consular services performed by or on behalf of the Government of the United States; or

(3) Services performed outside Iran by an Iranian citizen or national who is resident in the United States or a third country, provided such services are not

**31 CFR Ch. V (7-1-02 Edition)**

performed by or on behalf of the Government of Iran (other than diplomatic and consular services), an entity organized under the laws of Iran, or a person located in Iran.

[64 FR 20171, Apr. 26, 1999]

**§ 560.307 United States.**

The term *United States* means the United States, including its territories and possessions.

**§ 560.308 Importation of goods.**

With respect to goods (including software), the term *importation* means the bringing of any goods into the United States, except that in the case of goods transported by vessel, *importation* means the bringing of any goods into the United States with the intent to unlade them.

[64 FR 20171, Apr. 26, 1999]

**§ 560.309 [Reserved]**

**§ 560.310 License.**

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

**§ 560.311 General license.**

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

**§ 560.312 Specific license.**

The term *specific license* means any license or authorization not set forth in this part but issued pursuant to this part.

**§ 560.313 Entity owned or controlled by the Government of Iran.**

The term *entity owned or controlled by the Government of Iran* includes any corporation, partnership, association, or other entity in which the Government of Iran owns a majority or controlling interest, and any entity which is otherwise controlled by that government.

**§ 560.314 United States person.**

The term *United States person* means any United States citizen, permanent resident alien, entity organized under



the laws of the United States (including foreign branches), or any person in the United States.

**§ 560.315 Information and informational materials.**

(a) The term *information and informational materials* includes:

(1) Publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

(2) To be considered *information or informational materials, artworks must be classified under chapter subheading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.*

(b) The term *information and informational materials*, with respect to exports, does not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979 (50 U.S.C. App. 2401-2420, the “EAA”), or section 6 of the EAA to the extent that such controls promote the non-proliferation or antiterrorism policies of the United States; or

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

[60 FR 47063, Sept. 11, 1995, as amended at 64 FR 20171, Apr. 26, 1999]

**§ 560.316 New investment.**

The term *new investment* means a transaction after 12:01 EDT, May 7, 1995, that constitutes:

(a) A commitment or contribution of funds or other assets; or

(b) A loan or other extension of credit, as defined in § 560.317.

**§ 560.317 Credits or loans.**

The term *credits or loans* means any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit, including but not limited to: overdrafts; currency swaps; purchases of debt securities issued by the Government of Iran; purchases of a loan made by another person; sales of financial assets subject to an agreement to repurchase; renewals or refinancings whereby funds or credits are transferred to or extended to a

prohibited borrower or prohibited recipient; the issuance of standby letters of credit; and drawdowns on existing lines of credit.

**§ 560.318 [Reserved]**

**§ 560.319 United States depository institution.**

The term *United States depository institution* means any entity (including its foreign branches) organized under the laws of any jurisdiction within the United States, or any agency, office or branch located in the United States of a foreign entity, that is engaged primarily in the business of banking (for example, banks, savings banks, savings associations, credit unions, trust companies and United States bank holding companies).

[64 FR 20171, Apr. 26, 1999]

**§ 560.320 Iranian accounts.**

The term *Iranian accounts* means accounts of persons located in Iran or of the Government of Iran maintained on the books of a United States depository institution.

**Subpart D—Interpretations**

**§ 560.401 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 refers to the same as currently amended.

**§ 560.402 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 does not, unless otherwise specifically provided, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

## § 560.403

### § 560.403 Transshipment through Iran.

The prohibitions in §§ 560.204, 560.206 and 560.208 apply to export, reexport or supply transactions which require a transshipment or transit of goods or technology through Iran to third countries.

[64 FR 20172, Apr. 26, 1999]

### § 560.404 [Reserved]

### § 560.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Iranian governmental entity or involving a debit or credit to an Iranian account not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Iran not explicitly authorized in or pursuant to this part other than loading, transporting, and discharging licensed or exempt cargo there.

(c) Distribution or leasing in Iran of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Iran;

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine or medical equipment to Iran or the Government of Iran (see § 560.532); and

(e) Letter of credit services relating to transactions authorized in § 560.534. See § 560.535(a).

[64 FR 41791, Aug. 2, 1999, as amended at 65 FR 25643, May 3, 2000; 66 FR 36692, July 12, 2001]

### § 560.406 Transshipment or transit through United States prohibited.

(a) The prohibitions in § 560.201 apply to the importation into the United States, for transshipment or transit, of Iranian-origin goods or goods owned or controlled by the Government of Iran which are intended or destined for third countries.

(b) The prohibitions in § 560.204 apply to the transshipment or transit of foreign goods through the United States

## 31 CFR Ch. V (7-1-02 Edition)

which are intended or destined for Iran or the Government of Iran, including entities owned or controlled by the Government of Iran.

[64 FR 20172, Apr. 26, 1999]

### § 560.407 Transactions related to Iranian-origin goods.

(a) Importation into the United States from third countries of goods containing Iranian-origin raw materials or components is not prohibited if those raw materials or components have been incorporated into manufactured products or substantially transformed in a third country by a person other than a United States person.

(b) Transactions relating to Iranian-origin goods that have not been incorporated into manufactured products or substantially transformed in a third country are prohibited.

(c) Transactions relating to goods containing Iranian-origin raw materials or components are not prohibited if those raw materials or components have been incorporated into manufactured products or substantially transformed in a third country by a person other than a United States person.

### § 560.408 Importation into and release from a bonded warehouse or foreign trade zone.

The prohibitions in § 560.201 apply to importation into a bonded warehouse or a foreign trade zone of the United States. However, § 560.201 does not prohibit the release from a bonded warehouse or a foreign trade zone of Iranian-origin goods imported into a bonded warehouse or a foreign trade zone prior to October 29, 1987.

### § 560.409 [Reserved]

### § 560.410 Exportation, reexportation, sale or supply of services.

(a) The prohibition on the exportation, reexportation, sale or supply of services contained in § 560.204 applies to services performed on behalf of a person in Iran or the Government of Iran or where the benefit of such services is otherwise received in Iran, if such services are performed:

- (1) In the United States, or
- (2) Outside the United States by a United States person, including by an

overseas branch of an entity located in the United States.

(b) The benefit of services performed anywhere in the world on behalf of the Government of Iran is presumed to be received in Iran.

(c) *Example.* A United States person is engaged in a prohibited exportation of services to Iran when it extends credit to a third-country firm specifically to enable that firm to manufacture goods for sale to Iran or for an entity of the Government of Iran. See also § 560.416.

[64 FR 20172, Apr. 26, 1999]

**§ 560.411 [Reserved]**

**§ 560.412 Extensions of credit or loans to Iran.**

(a) The prohibitions contained in §§ 560.204 and 560.207 apply to but are not limited to the unauthorized renewal or rescheduling of credits or loans in existence as of May 6, 1995, such as the extension of a standby letter of credit.

(b) The prohibitions contained in § 560.209 apply, among other things, to the unauthorized renewal or rescheduling of credits or loans in existence as of March 15, 1995.

(c) The prohibitions contained in §§ 560.204, 560.207 and 560.209 apply to, among other things, credits or loans in any currency.

[64 FR 20172, Apr. 26, 1999]

**§ 560.413 Letter of credit payments by Iranian banks in the United States.**

(a) For purposes of the exemption in § 560.210(e), payment of letters of credit and other financing agreements according to their terms includes, in the case of payments made by an Iranian bank's branch or agency located in the United States, payments that such branch or agency is:

(1) Legally obligated to make pursuant to the terms of letters of credit and other financing agreements relating to pre-May 7, 1995 trade contracts; or

(2) Licensed to make by the Office of Foreign Assets Control with respect to pre-May 7, 1995 trade contracts.

(b) Payments that are not binding legal obligations of an Iranian bank's branch or agency pursuant to the terms of the letter of credit or other fi-

ancing agreement are not covered by this exemption.

**§ 560.414 Reexportation of certain U.S.-origin goods exported prior to May 7, 1995.**

The prohibitions on reexportation in § 560.205 do not apply to United States-origin goods or technology that were exported from the United States prior to 12:01 a.m., Eastern Daylight Time, May 7, 1995, if:

(a) Such goods or technology were not the property of a United States person as of 12:01 a.m. Eastern Daylight Time, May 7, 1995; and

(b) The reexportation of the U.S.-origin goods or technology to Iran or the Government of Iran was not subject to reexport (as opposed to export) license application requirements under U.S. regulations in effect prior to May 6, 1995.

NOTES TO § 560.414. 1. The exclusion in this section applies, among other things, to goods that were as of May 6, 1995, classified under the U.S. Department of Commerce's Export Administration Regulations (15 CFR parts 730-774) as ECCNs 2A994; 3A993; 5A992; 5A995; 6A990; 6A994; 7A994; 8A992; 8A994; 9A990; 9A992; and 9A994, that were exported from the United States prior to 12:01 a.m. Eastern Daylight Time, May 7, 1995, and were not the property of a United States person as of 12:01 a.m. Eastern Daylight Time, May 7, 1995. As of April 26, 1999, items covered by this note are classified under ECCNs 2A994; 3A992.a; 5A991.f; 5A992; 6A991; 6A998; 7A994; 8A992.d, .e, .f and .g; 9A990.a and .b; and 9A991.d and .e.

2. A reexportation of U.S.-origin goods or technology which meets the conditions of paragraph (a) of this section, or which is not within the scope of § 560.205, nevertheless may require specific authorization by other agencies of the U.S. Government for reexportation to Iran or the Government of Iran. For example, items which meet the conditions of paragraph (a) may nevertheless require an export license under the Enhanced Proliferation Control Initiative provisions of the Export Administration Regulations (15 CFR part 744).

[64 FR 20172, Apr. 26, 1999]

**§ 560.416 Brokering services.**

(a) For purposes of the prohibitions in §§ 560.201, 560.204, 560.205, 560.206 and 560.208, the term *services* includes performing a brokering function.

(b) *Examples.* A person within the United States, or a United States person, wherever located, may not:

## § 560.417

(1) Act as broker for the provision of goods, services or technology, from whatever source, to or from Iran or the Government of Iran;

(2) Act as broker for the purchase or swap of crude oil of Iranian origin or owned or controlled by the Government of Iran;

(3) Act as broker for the provision of financing, a financial guarantee or an extension of credit by any person to Iran or the Government of Iran;

(4) Act as a broker for the provision of financing, a financial guarantee or an extension of credit to any person specifically to enable that person to construct or operate a facility in Iran or owned or controlled by the Government of Iran; or

(5) Act as a broker for the provision of financing, a financial guarantee, or an extension of credit to any person specifically to enable that person to provide goods, services, or technology intended for Iran or the Government of Iran.

[64 FR 20172, Apr. 26, 1999]

### **§ 560.417 Facilitation; change of policies and procedures; referral of business opportunities offshore.**

With respect to § 560.208, a prohibited facilitation or approval of a transaction by a foreign person occurs, among other instances, when a United States person:

(a) Alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement or transaction involving Iran or the Government of Iran without the approval of the United States person, where such transaction previously required approval by the United States person and such transaction by the foreign affiliate would be prohibited by this part if performed directly by a United States person or from the United States;

(b) Refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving Iran or the Government of Iran to which the United States person could not directly respond as a result of the prohibitions contained in this part; or

(c) Changes the operating policies and procedures of a particular affiliate

## 31 CFR Ch. V (7-1-02 Edition)

with the specific purpose of facilitating transactions that would be prohibited by this part if performed by a United States person or from the United States.

[64 FR 20172, Apr. 26, 1999]

### **§ 560.418 Release of technology or software in the United States or a third country.**

The release of technology or software in the United States, or by a United States person wherever located, to any person violates the prohibitions of this part if made with knowledge or reason to know the technology is intended for Iran or the Government of Iran, unless that technology or software meets the definition of *information and informational materials* in § 560.315. See § 560.511.

NOTES TO § 560.418. 1. The U.S. Department of Commerce's Bureau of Export Administration requires a license for the release in the United States (or in a third country) to a foreign national of technology if both of the following conditions are met:

(a) That technology would require a license for exportation (or reexportation) to the home country of the foreign national; and

(b) The foreign national is not a citizen or permanent resident of the United States (or of the third country) or is not a protected individual under the Immigration and Naturalization Act (8 U.S.C. § 1324(b)(a)(3)). See 15 CFR 734.2(b)(2)(ii) and 734.2(b)(5).

2. The transfer to a foreign national of technology subject to regulations administered by the U.S. Department of State or other agencies of the U.S. Government may require authorization by those agencies.

[64 FR 20173, Apr. 26, 1999]

### **§ 560.419 U.S. employment of persons normally located in Iran.**

The prohibitions in § 560.201 make it unlawful to hire an Iranian national normally located in Iran to come to the United States solely or for the principal purpose of engaging in employment on behalf of an entity in Iran or as the employee of a U.S. person, unless that employment is authorized pursuant to a visa issued by the U.S. State Department or by § 560.505. See also § 560.418 with respect to the release of technology and software.

[64 FR 20173, Apr. 26, 1999]

**§ 560.420 Reexportation by non-U.S. persons of certain foreign-made products containing U.S.-origin goods or technology.**

For purposes of satisfying the de minimis content rule in § 560.205(b)(2):

(a) U.S.-origin goods (excluding software) falling within the definition in § 560.205 must comprise less than 10 percent of the foreign-made good (excluding software);

(b) U.S.-origin software falling within the definition in § 560.205 must comprise less than 10 percent of the foreign-made software;

(c) U.S.-origin technology falling within the definition in § 560.205 must comprise less than 10 percent of the foreign-made technology; and,

(d) In cases involving a complex product made of a combination of U.S.-origin goods (including software) and technology falling within the definition in § 560.205, the aggregate value of all such U.S.-origin goods (including software) and such technology contained in the foreign-made product must be less than 10 percent of the total value of the foreign-made product.

NOTES TO § 560.420. 1. Notwithstanding the exceptions contained in § 560.205(b)(1) and (b)(2) and this section, a reexportation to Iran or the Government of Iran of U.S.-origin items falling within the definition in § 560.205 is prohibited if those U.S.-origin goods (including software) or that technology have been substantially transformed or incorporated into a foreign-made end product which is destined to end uses or end users prohibited under regulations administered by other U.S. Government agencies. See, e.g., the Export Administration Regulations (31 CFR 736.2(b)(5), 744.2, 744.3, 744.4, 744.7, and 744.10); International Traffic in Arms Regulations (22 CFR 123.9).

2. A reexportation not prohibited by § 560.205 may nevertheless require authorization by the U.S. Department of Commerce, the U.S. Department of State or other agencies of the U.S. Government.

3. The provisions of § 560.205 and this section apply only to persons other than United States persons.

[64 FR 20173, Apr. 26, 1999]

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

**§ 560.501 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, authorizes or validates any transaction effected prior to the issuance of the license, unless specifically provided in such license or other authorization.

(b) No regulation, ruling, instruction, or license authorizes a 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 authorizes any transactions 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 this part 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.

(d) Specific licenses issued prior to 12:01 a.m., Eastern Daylight Time, August 20, 1997, continue in effect in accordance with their terms except to the extent specifically revoked, amended, or modified by the Office of Foreign Assets Control.

(e) Nothing contained in this part shall be construed to supersede the requirements established under any other provision of law or to relieve a person from any requirement to obtain a license or other authorization from

## § 560.502

another department or agency of the U.S. Government in compliance with applicable laws and regulations subject to the jurisdiction of that department or agency. For example, exports of goods, services, or technical data which are not prohibited by this part or which do not require a license by the Office of Foreign Assets Control, nevertheless may require authorization by the U.S. Department of Commerce, the U.S. Department of State or other agencies of the U.S. Government. See also § 560.701(d).

[60 FR 47063, Sept. 11, 1995, as amended at 64 FR 20173, Apr. 26, 1999]

### **§ 560.502 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 is binding upon all persons receiving actual or constructive notice of such exclusion or restriction.

### **§§ 560.503–560.504 [Reserved]**

### **§ 560.505 Importation of certain Iranian-origin services authorized; activities related to certain visa categories authorized.**

(a) The importation of Iranian-origin services into the United States or other dealing in such services is authorized where such services are performed in the United States by an Iranian citizen or national for the purpose of, or which directly relate to, participating in a public conference, performance, exhibition or similar event, and such services are consistent with that purpose.

(b) Persons otherwise qualified for a non-immigrant visa under categories A-3 and G-5 (attendants, servants and personal employees of aliens in the United States on diplomatic status), D (crewmen), F (students), I (information media representatives), J (exchange visitors), M (non-academic students), O and P (aliens with extraordinary ability, athletes, artists and entertainers),

## 31 CFR Ch. V (7–1–02 Edition)

Q (international cultural exchange visitors), R (religious workers), or S (witnesses) are authorized to carry out in the United States those activities for which such a visa has been granted by the U.S. State Department.

(c) Persons otherwise qualified for a visa under categories E-2 (treaty investor), H (temporary worker), or L (intra-company transferee) and all immigrant visa categories are authorized to carry out in the United States those activities for which such a visa has been granted by the U.S. State Department, provided that the persons are not coming to the United States to work as an agent, employee or contractor of the Government of Iran or a business entity or other organization in Iran.

[64 FR 20173, Apr. 26, 1999, as amended at 64 FR 58791, Nov. 1, 1999]

### **§ 560.506 Importation and exportation of certain gifts authorized.**

The importation into the United States of Iranian-origin goods from Iran or a third country, and the exportation from the United States to Iran of goods, are authorized for goods sent as gifts to persons provided that the value of the gift is not more than \$100; the goods are of a type and in quantities normally given as gifts between individuals; and the goods are not controlled for chemical and biological weapons (CB), missile technology (MT), national security (NS), or nuclear proliferation (NP). See Commerce Control List, Export Administration Regulations (15 CFR part 774).

[64 FR 20174, Apr. 26, 1999]

### **§ 560.507 Accompanied baggage authorized.**

(a) Persons entering the United States directly or indirectly from Iran are authorized to import into the United States Iranian-origin accompanied baggage normally incident to travel.

(b) Persons leaving the United States for Iran are authorized to export from the United States accompanied baggage normally incident to travel.

(c) This authorization applies to accompanied baggage that includes only articles that are necessary for personal use incident to travel, not intended for

any other person or for sale, and are not otherwise prohibited from importation or exportation under applicable United States laws.

**§ 560.508 Telecommunications and mail transactions authorized.**

All transactions of common carriers incident to the receipt or transmission of telecommunications and mail between the United States and Iran are authorized. For purposes of this section, the term *mail* includes parcels only to the extent the parcels contain goods exempted from the prohibitions contained in this part or otherwise eligible for importation from or exportation to Iran under a general or specific license.

**§ 560.509 Certain transactions related to patents, trademarks and copyrights authorized.**

(a) All of the following transactions in connection with patent, trademark, copyright or other intellectual property protection in the United States or Iran are authorized:

(1) The filing and prosecution of any application to obtain a patent, trademark, copyright or other form of intellectual property protection, including importation of or dealing in Iranian-origin services, payment for such services, and payment to persons in Iran directly connected to such intellectual property protection;

(2) The receipt of a patent, trademark, copyright or other form of intellectual property protection;

(3) The renewal or maintenance of a patent, trademark, copyright or other form of intellectual property protection; and

(4) The filing and prosecution of opposition or infringement proceedings with respect to a patent, trademark, copyright or other form of intellectual property protection, or the entrance of a defense to any such proceedings.

(b) Nothing in this section affects obligations under any other provision of law.

[60 FR 47063, Sept. 11, 1995, as amended at 64 FR 20174, Apr. 26, 1999]

**§ 560.510 Transactions related to the resolution of disputes between the United States or United States nationals and the Government of Iran.**

(a) Except as otherwise authorized, specific licenses may be issued on a case-by-case basis to authorize transactions in connection with awards, decisions or orders of the Iran-United States Claims Tribunal in The Hague, the International Court of Justice, or other international tribunals (collectively, "tribunals"); agreements settling claims brought before tribunals; and awards, orders, or decisions of an administrative, judicial or arbitral proceeding in the United States or abroad, where the proceeding involves the enforcement of awards, decisions or orders of tribunals, or is contemplated under an international agreement, or involves claims arising before 12:01 a.m. EDT, May 7, 1995, that resolve disputes between the Government of Iran and the United States or United States nationals, including the following transactions:

(1) Importation into the United States of, or any transaction related to, goods and services of Iranian origin or owned or controlled by the Government of Iran;

(2) Exportation or reexportation to Iran or the Government of Iran of any goods, technology, or services, except to the extent that such exportation or reexportation is also subject to export licensing application requirements of another agency of the United States Government and the granting of such a license by that agency would be prohibited by law;

(3) Financial transactions related to the resolution of disputes at tribunals, including transactions related to the funding of proceedings or of accounts related to proceedings or to a tribunal; participation, representation, or testimony before a tribunal; and the payment of awards of a tribunal; and

(4) Other transactions otherwise prohibited by this part which are necessary to permit implementation of the foregoing awards, decisions, orders, or agreements.

(b) Specific licenses may be issued on a case-by-case basis to authorize payment of costs related to the storage or maintenance of goods in which the

## § 560.511

Government of Iran has title, and to authorize the transfer of title to such goods, provided that such goods are in the United States and that such goods are the subject of a proceeding pending before a tribunal.

(c)(1) All transactions are authorized with respect to the importation of Iranian-origin goods and services necessary to the initiation and conduct of legal proceedings, in the United States or abroad, including administrative, judicial and arbitral proceedings and proceedings before tribunals.

(2) Specific licenses may be issued on a case-by-case basis to authorize the exportation to Iran or the Government of Iran of goods, and of services not otherwise authorized by § 560.525, necessary to the initiation and conduct of legal proceedings, in the United States or abroad, including administrative, judicial and arbitral proceedings and proceedings before tribunals, except to the extent that the exportation is also subject to export licensing application requirements of another agency of the United States Government and the granting of such a license by that agency would be prohibited by law.

(3) Representation of United States persons or of third country persons in legal proceedings, in the United States or abroad, including administrative, judicial and arbitral proceedings and proceedings before tribunals, against Iran or the Government of Iran is not prohibited by this part. The exportation of certain legal services to a person in Iran or the Government of Iran is authorized in § 560.525.

(d) The following are authorized:

(1) All transactions related to payment of awards of the Iran-United States Claims Tribunal in The Hague against Iran.

(2) All transactions necessary to the payment and implementation of awards (other than exports or reexports subject to export license application requirements of other agencies of the United States Government) in a legal proceeding to which the United States Government is a party, or to payments pursuant to settlement agreements entered into by the United

## 31 CFR Ch. V (7-1-02 Edition)

States Government in such a legal proceeding.

[60 FR 47063, Sept. 11, 1995, as amended at 62 FR 41852, Aug. 4, 1997]

### **§ 560.511 Exportation or supply of insubstantial United States content for use in foreign-made products or technology.**

(a) Except as provided in paragraph (b) of this section and notwithstanding the prohibitions in § 560.204, the exportation or supply of goods or technology from the United States, or by a United States person wherever located, for substantial transformation or incorporation into a foreign-made end product in a country other than the United States or Iran, intended specifically or predominantly for Iran or the Government of Iran, is permitted under this part where the exporter has ascertained that all of the following are the case:

(1) The U.S.-origin goods or technology being exported for substantial transformation or incorporation abroad were not subject to export license application requirements under any United States regulations in effect on May 6, 1995, or were not thereafter made subject to such regulations imposed independently of this part;

(2) With respect to the foreign-made end product:

(i) U.S.-origin goods (excluding software) comprise less than 10 percent of the foreign-made good (excluding software);

(ii) U.S.-origin software comprises less than 10 percent of the foreign-made software;

(iii) U.S.-origin technology comprises less than 10 percent of the foreign-made technology; and

(iv) In cases involving a complex product made of a combination of goods (including software) and technology, the aggregate value of all U.S.-origin goods (including software) and technology contained in the foreign-made end product is less than 10 percent of the total value of the foreign-made product;

(3) The foreign-made end product is not destined to end uses or end users



prohibited under regulations administered by other U.S. Government agencies. See, e.g., the Export Administration Regulations (31 CFR 736.2(b)(5), 744.2, 744.3, 744.4, 744.7, and 744.10); International Traffic in Arms Regulations (22 CFR 123.9);

(4) The foreign-made end product is not intended for use in the Iranian petroleum or petrochemical industry. For this purpose, products intended for use in the Iranian petroleum or petrochemical industry include not only products uniquely suited for use in those industries, such as oilfield services equipment, but also goods and technology for use in products, such as computers, office equipment, construction equipment, or building materials, which are suitable for use in other industries but which are intended specifically for use in the petroleum or petrochemical industries.

(b) The authorization contained in this section is not available if the foreign-made end product is of a type which other U.S. Government agencies make ineligible for de minimis U.S.-origin content. See, e.g., the Export Administration Regulations (15 CFR 734.4(a) and (b)); International Traffic in Arms Regulations (22 CFR 123.9).

NOTE TO § 560.511. An exportation authorized by this section may nevertheless require authorization by the U.S. Department of Commerce, the U.S. Department of State or other agencies of the U.S. Government.

[64 FR 20174, Apr. 26, 1999]

**§ 560.512 Iranian Government missions in the United States.**

(a) All transactions ordinarily incident to the importation of goods or services into the United States by, the exportation of goods or services from the United States by, or the provision of goods or services in the United States to, the missions of the Government of Iran to international organizations in the United States, and Iranians admitted to the United States under section 101(a)(15)(G) of the Immigration and Nationality Act (“INA”), 8 U.S.C. 1101(a)(15)(G), are authorized, provided that:

(1) The goods or services are for the conduct of the official business of the mission, or for personal use of personnel admitted to the United States

under INA section 101(a)(15)(G), and are not for resale; and

(2) The transaction is not otherwise prohibited by law.

(b) All transactions ordinarily incident to the importation of goods or services into the United States by, the exportation of goods or services from the United States by, or the provision of goods or services in the United States to, the Iranian Interests Section of the Embassy of Pakistan (or any successor protecting power) in the United States, are authorized, provided that:

(1) The goods or services are for the conduct of the official business of the Iranian Interests Section, and are not for resale; and

(2) The transaction is not otherwise prohibited by law.

(c) All transactions ordinarily incident to the provision of goods or services in the United States to the employees of Iranian missions to international organizations in the United States, and to employees of the Iranian Interests Section of the Embassy of Pakistan (or any successor protecting power) in the United States, are authorized, provided that the transaction is not otherwise prohibited by law.

**§ 560.513 Importation of Iranian-origin oil.**

(a) Specific licenses will be issued on a case-by-case basis to permit the importation of Iranian-origin oil in connection with the resolution or settlement of cases before the Iran-United States Claims Tribunal in The Hague, established pursuant to the Declaration of the Government of the Democratic and Popular Republic of Algeria Concerning the Settlement of Claims by the Government of the United States of America and the Government of the Islamic Republic of Iran of January 19, 1981, or where the proceeds are otherwise to be deposited in the Tribunal’s Security Account.

(b) License applications submitted pursuant to this section must contain the importer’s certification that the oil is of Iranian origin with all relevant supporting documentation, including specification of the production site at which the oil was extracted, and that the sale or transfer of the oil is by or

**§ 560.514**

for the account of the Government of Iran. Licenses will not be issued for importations of Iranian-origin oil which is not sold or transferred by or for the account of the Government of Iran. In cases where the oil is being imported either in whole or in part in resolution or settlement of a case pending before the Tribunal, applicants are required to identify the case and submit a copy of the settlement agreement and the Award on Agreed Terms issued by the Tribunal. In cases where any proceeds are generated for the account of the Government of Iran from the importation of Iranian-origin oil, the importer must demonstrate that irrevocable arrangements are in place that will ensure that the proceeds will be deposited in the Tribunal's Security Account.

**§ 560.514 [Reserved]**

**§ 560.515 30-day delayed effective date for pre-May 7, 1995 trade contracts involving Iran.**

(a) All transactions necessary to complete performance of a trade contract entered into prior to May 7, 1995, and involving Iran (a *pre-existing trade contract*), including the exportation of goods, services (including financial services), or technology from the United States that was authorized pursuant to Federal regulations in force immediately prior to May 6, 1995, or performance under a pre-existing trade contract for transactions in Iranian-origin or Government of Iran-owned or controlled goods or services that do not involve importation into the United States, are authorized without specific licensing by the Office of Foreign Assets Control if the conditions in paragraph (a)(1) or (a)(2) of this section are met:

(1) If the pre-existing trade contract is for an exportation of goods or technology from the United States that was authorized pursuant to Federal regulations in force immediately prior to May 6, 1995, the goods or technology must be exported from the United States prior to 12:01 a.m. Eastern Daylight Time, June 6, 1995, and all other activity by U.S. persons that is necessary and incidental to the performance of the pre-existing trade contract (other than payment under a financing contract) must be completed prior to

**31 CFR Ch. V (7-1-02 Edition)**

12:01 a.m. Eastern Daylight Time, August 6, 1995; or

(2) All obligations under a pre-existing trade contract (other than payment under a financing contract) must be fully completed prior to 12:01 a.m. Eastern Daylight Time, June 6, 1995, if the pre-existing trade contract is for one of the following:

(i) The exportation of services from the United States benefitting a person in Iran or the Government of Iran;

(ii) The reexportation of goods or technology to Iran, the Government of Iran, or an entity owned or controlled by the Government of Iran that was authorized pursuant to Federal regulations in force immediately prior to May 6, 1995; or

(iii) Transactions relating to goods or services of Iranian origin or owned or controlled by the Government of Iran other than transactions relating to importation into the United States of such goods or services.

(b) In order to complete performance of a pre-existing trade contract, the arrangement or renegotiation of contracts for transactions necessary and incidental to performance of the pre-existing trade contract is authorized. Such incidental transactions may include, for example, financing, shipping and insurance arrangements. Amendments to a pre-existing trade contract for the purpose of accelerating a previously-specified delivery schedule under a contract for a fixed quantity or value of goods, technology or services, or curtailing or canceling required performance, are authorized without specific licensing. Any other alteration of the trade contract must be specifically licensed by the Office of Foreign Assets Control.

(c) The existence of a contract will be determined with reference to the principles contained in Article 2 of the Uniform Commercial Code.

[60 FR 47063, Sept. 11, 1995, as amended at 64 FR 20174, Apr. 26, 1999]

**§ 560.516 Payment and United States dollar clearing transactions involving Iran.**

(a) United States depository institutions are authorized to process transfers of funds to or from Iran, or for the direct or indirect benefit of persons in

Iran or the Government of Iran, if the transfer is covered in full by any of the following conditions and does not involve debiting or crediting an Iranian account:

(1) The transfer is by order of a foreign bank which is not an Iranian entity from its own account in a domestic bank (directly or through a foreign branch or subsidiary of a domestic bank) to an account held by a domestic bank (directly or through a foreign branch or subsidiary of a domestic bank) for a second foreign bank which is not an Iranian entity. For purposes of this section “foreign bank” includes a foreign subsidiary, but not a foreign branch of a domestic bank;

(2) The transfer arises from an underlying transaction that has been authorized by a specific or general license issued pursuant to this part;

(3) The transfer arises from an underlying transaction that is not prohibited by this part, such as a non-commercial remittance to or from Iran (e.g., a family remittance not related to a family-owned enterprise); a U.S.-related commercial transfer not prohibited by this part (see, e.g., § 560.515(b)); or a third-country transaction not prohibited by this part; or

(4) The transfer arises from an underlying transaction that is exempted from regulation pursuant to § 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)), such as an exportation to Iran or importation from Iran of information and informational materials, a travel-related remittance, or payment for the shipment of a donation of articles to relieve human suffering.

(b) Before a United States depository institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States depository institution must determine that the underlying transaction is not prohibited by this part.

(c) Pursuant to the prohibitions contained in § 560.208, a United States depository institution may not make transfers to or for the benefit of a foreign-organized entity owned or controlled by it if the underlying transaction would be prohibited if engaged

in directly by the U.S. depository institution.

(d) This section does not authorize transactions with respect to property blocked pursuant to part 535.

[60 FR 47063, Sept. 11, 1995, as amended at 64 FR 20174, Apr. 26, 1999]

**§ 560.517 Exportation of services: Iranian accounts at United States depository institutions.**

(a) United States depository institutions are prohibited from performing services with respect to Iranian accounts, as defined in § 560.320, at the instruction of the Government of Iran or persons located in Iran, except that United States depository institutions are authorized to provide and be compensated for services and incidental transactions with respect to:

(1) The maintenance of Iranian accounts, including the payment of interest and the debiting of service charges;

(2) The processing of transfers arising from underlying transactions that are exempted from regulation pursuant to section 203(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1702(b), such as an exportation of information or informational materials to Iran, a travel-related remittance, or payment for the shipment of a donation of articles to relieve human suffering; and

(3) At the request of the account party, the closing of Iranian accounts and the lump sum transfer only to the account party of all remaining funds and other assets in the account.

(b) Specific licenses may be issued with respect to the operation of Iranian accounts that constitute accounts of:

(1) Foreign government missions and their personnel in Iran; or

(2) Missions of the Government of Iran in the United States.

**§ 560.518 Transactions in Iranian-origin and Iranian Government property.**

(a) Except for transactions involving the Government of Iran, all domestic transactions with respect to Iranian-origin goods located in the United States are authorized, provided that this paragraph (a) does not affect the status of property blocked pursuant to

**§560.519**

**31 CFR Ch. V (7-1-02 Edition)**

part 535 or detained or seized, or subject to detention or seizure, pursuant to this part.

(b) All transactions necessary and incidental to a United States person's sale or other disposition of goods or services of Iranian origin or owned or controlled by the Government of Iran that are located or to be performed outside the United States and were acquired by that United States person in transactions not prohibited by part 535 or this part are authorized, provided:

(1) The sale or other disposition does not result in the importation of such goods or services into the United States, and

(2) The sale or other disposition is completed no later than 12:01 a.m. EDT, August 6, 1995.

(c) Except as provided in paragraphs (a) and (b) of this section, United States persons may not deal in goods or services of Iranian origin or owned or controlled by the Government of Iran, except that the following transactions are authorized:

(1) Transactions by a United States person with third-country nationals incidental to the storage and maintenance in third countries of Iranian-origin goods owned prior to May 7, 1995, by that United States person or acquired thereafter by that United States person consistent with the provisions of this part;

(2) Exportation of Iranian-origin household and personal effects from the United States incident to the relocation of United States persons outside the United States; and

(3) Purchase for personal use or consumption in Iran of Iranian-origin goods or services.

(d) In addition to transactions authorized by paragraph (c)(1) of this section, a United States person is authorized after 12:01 a.m. EDT, May 7, 1995, to use or dispose of Iranian-origin household and personal effects that are located outside the United States and that have been acquired by the United States person in transactions not prohibited by part 535 or this part.

**§560.519 Policy governing news organization offices.**

(a) Specific licenses may be issued on a case-by-case basis authorizing trans-

actions necessary for the establishment and operation of news bureaus in Iran by United States organizations whose primary purpose is the gathering and dissemination of news to the general public.

(b) Transactions that may be authorized include but are not limited to those incident to the following:

(1) Leasing office space and securing related goods and services;

(2) Hiring support staff;

(3) Purchasing Iranian-origin goods for use in the operation of the office; and

(4) Paying fees related to the operation of the office in Iran.

(c) Specific licenses may be issued on a case-by-case basis authorizing transactions necessary for the establishment and operation of news bureaus in the United States by Iranian organizations whose primary purpose is the gathering and dissemination of news to the general public.

(d) The number assigned to such specific licenses should be referenced in all import and export documents and in all funds transfers and other banking transactions through banking institutions organized or located in the United States in connection with the licensed transactions to avoid disruption of the trade and financial transactions.

**§560.520 Exportation of agricultural commodities on contracts entered into prior to May 7, 1995.**

(a) All transactions by United States persons in connection with the exportation from the United States to Iran of any agricultural commodity under an export sales contract are authorized, provided:

(1) Such contract was entered into prior to 12:01 a.m. EDT, May 7, 1995; and

(2) The terms of such contract require delivery of the commodity prior to February 2, 1996.

(b) The performance of letters of credit and other financing agreements with respect to exports authorized by this section is authorized pursuant to their terms.

(c) For purposes of this section, the term *agricultural commodity* means feed

grains, rice, wheat, cotton, peanuts, tobacco, dairy products, and oilseeds (including vegetable oil).

(d) Specific licenses may be granted on a case-by-case basis for transactions by United States persons in connection with the exportation of other agricultural articles from the United States to Iran that do not fall within the definition of "agricultural commodity" contained in paragraph (c) of this section, provided such exportation is pursuant to an export sales contract and the conditions contained in paragraphs (a)(1) and (a)(2) of this section are met.

**§ 560.521 Diplomatic pouches.**

All transactions in connection with the importation into the United States from Iran, or the exportation from the United States to Iran, of diplomatic pouches and their contents are authorized.

**§ 560.522 Allowable payments for overflights of Iranian airspace.**

Payments to Iran of charges for services rendered by the Government of Iran in connection with the overflight of Iran or emergency landing in Iran of aircraft owned by a United States person or registered in the United States are authorized.

**§ 560.523 Exportation of equipment and services relating to information and informational materials.**

Specific licenses may be issued on a case-by-case basis for the exportation of equipment and services necessary for the establishment of news wire feeds or other transmissions of information and informational materials.

[64 FR 20175, Apr. 26, 1999]

**§ 560.524 Household goods and personal effects.**

(a) The exportation from the United States to Iran of household and personal effects, including baggage and articles for family use, of persons departing the United States to relocate in Iran is authorized provided the articles included in such effects have been actually used by such persons or by family members accompanying them, are not intended for any other person or for sale, and are not otherwise prohib-

ited from exportation. See also, § 560.518(c)(2).

(b) The importation of Iranian-origin household and personal effects, including baggage and articles for family use, of persons arriving in the United States is authorized; to qualify, articles included in such effects must have been actually used abroad by such persons or by other family members arriving from the same foreign household, must not be intended for any other person or for sale, and must not be otherwise prohibited from importation. For purposes of this paragraph, household and personal effects include all articles meeting the criteria stated in this paragraph regardless of the time elapsed since the importer's arrival in the United States from Iran.

[60 FR 47063, Sept. 11, 1995, as amended at 65 FR 25643, May 3, 2000]

**§ 560.525 Exportation of certain legal services.**

(a) The provision of the following legal services to the Government of Iran or to a person in Iran, and receipt of payment of professional fees and reimbursement of incurred expenses, are authorized:

(1) Provision of legal advice and counselling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counselling is not provided to facilitate transactions that would violate any of the prohibitions contained in this part;

(2) Representation when a person in Iran or the Government of Iran has been named as a defendant in or otherwise made a party to domestic United States legal, arbitration, or administrative proceedings;

(3) Initiation and conduct of domestic United States legal, arbitration, or administrative proceedings on behalf of the Government of Iran or a person in Iran;

(4) Representation before any federal or state agency with respect to the imposition, administration, or enforcement of United States sanctions against Iran;

(5) Initiation and conduct of legal proceedings, in the United States or

**§ 560.526**

**31 CFR Ch. V (7-1-02 Edition)**

abroad, including administrative, judicial and arbitral proceedings and proceedings before international tribunals (including the Iran-United States Claims Tribunal in The Hague and the International Court of Justice):

(i) To resolve disputes between the Government of Iran or an Iranian national and the United States or a United States national;

(ii) Where the proceeding is contemplated under an international agreement; or

(iii) Where the proceeding involves the enforcement of awards, decisions, or orders resulting from legal proceedings within the scope of paragraph (a)(5)(i) or (a)(5)(ii) of this section, provided that any transaction, unrelated to the provision of legal services or the payment therefor, that is necessary or related to the execution of an award, decision or order resulting from such legal proceeding, or otherwise necessary for the conduct of such proceeding, and which would otherwise be prohibited by this part requires a specific license in accordance with §§ 560.510 and 560.801;

(6) Provision of legal advice and counselling in connection with settlement or other resolution of matters described in paragraph (a)(5) of this section; and

(7) Provision of legal services in any other context in which prevailing United States law requires access to legal counsel at public expense.

(b) The provision of any other legal services to a person in Iran or the Government of Iran, not otherwise authorized in or exempted by this part, requires the issuance of a specific license.

[60 FR 47063, Sept. 11, 1995, as amended at 62 FR 41852, Aug. 4, 1997]

**§ 560.526 Commodities trading and related transactions.**

(a) *Trading in Iranian-origin commodities.* With respect to § 560.206, specific licenses may be issued on a case-by-case basis to authorize certain commodities trading by a United States person in Iranian-origin goods, or transactions incidental to such trading, where:

(1) No party to the transaction with the United States person is a person in Iran or the Government of Iran, and

(2) It was impossible for the United States person to determine at the time of entry into the transaction, given all circumstances of the transaction, that the goods would be of Iranian origin or would be owned or controlled by the Government of Iran.

(b) *Trading in commodities destined for Iran or the Government of Iran.* With respect to § 560.204, specific licenses may be issued on a case-by-case basis to authorize certain trading by United States persons in commodities of U.S. or third-country origin destined for Iran or the Government of Iran, or transactions incidental to such trading, where:

(1) It was impossible for the United States person to determine at the time of entry into the transaction, given all circumstances of the transaction, that the goods would be for delivery to Iran or to the Government of Iran;

(2) The United States person did not contract with a person in Iran or the Government of Iran; and

(3) The United States person did not initiate the nomination of the commodity's destination as Iran or the Government of Iran.

**§ 560.527 Rescheduling existing loans.**

Specific licenses may be issued on a case-by-case basis for rescheduling loans or otherwise extending the maturities of existing loans, and for charging fees or interest at commercially reasonable rates, in connection therewith, provided that no new funds or credits are thereby transferred or extended to Iran or the Government of Iran.

**§ 560.528 Aircraft safety.**

Specific licenses may be issued on a case-by-case basis for the exportation and reexportation of goods, services, and technology to insure the safety of civil aviation and safe operation of U.S.-origin commercial passenger aircraft.

**§ 560.529 Bunkering and emergency repairs.**

Goods or services provided in the United States to a non-Iranian carrier

transporting passengers or goods to or from Iran are permissible if they are:

- (a) Bunkers or bunkering services;
- (b) Supplied or performed in the course of emergency repairs; or
- (c) Supplied or performed under circumstances which could not be anticipated prior to the carrier's departure for the United States.

[64 FR 20175, Apr. 26, 1999]

**§ 560.530 Commercial sales, exportation, and reexportation of agricultural commodities, medicine, and medical devices.**

(a) *One-year license requirement.* The exportation or reexportation of agricultural commodities (including bulk agricultural commodities listed in appendix B to this part 560), medicine, or medical devices to the Government of Iran, any entity in Iran, individuals in Iran, or persons in third countries purchasing specifically for resale to any of the foregoing, shall only be made pursuant to a one-year license issued by the United States Department of the Treasury, Office of Foreign Assets Control, for contracts entered into during the one-year period of the license and shipped within the 12-month period beginning on the date of the signing of the contract. No license will be granted for the exportation or reexportation of agricultural commodities, medicine, or medical equipment to any entity or individual in Iran promoting international terrorism. Executory contracts entered into pursuant to paragraph (b)(2) of this section prior to the issuance of the one-year license described in this paragraph shall be deemed to have been signed on the date of issuance of that one-year license (and, therefore, the exporter is authorized to make shipments under that contract within the 12-month period beginning on the date of issuance of the one-year license).

(b) *General license for arrangement of exportation and reexportation of covered products.* (1) The making of shipping arrangements, cargo inspections, obtaining of insurance, and arrangement of financing (consistent with § 560.532) for the exportation or reexportation of agricultural commodities, medicine, and medical devices to the Government of Iran, entities in Iran, individuals in

Iran, or persons in third countries purchasing specifically for resale to any of the foregoing, is authorized.

(2) If desired, entry into executory contracts (including executory pro forma invoices, agreements in principle, or executory offers capable of acceptance such as bids in response to public tenders) for the exportation or reexportation of agricultural commodities, medicine, and medical devices to the Government of Iran, entities in Iran, individuals in Iran, or persons in third countries purchasing specifically for resale to any of the foregoing, is authorized, provided that performance of an executory contract is expressly made contingent upon the prior issuance of the one-year license described in paragraph (a) of this section.

(c) *Instructions for obtaining one-year licenses.* In order to obtain the one-year license described in paragraph (a), the exporter must provide to the Office of Foreign Assets Control:

(1) The applicant's full legal name (if the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business).

(2) The applicant's mailing and street address (so that OFAC may reach a responsible point of contact, the applicant should also include the name of the individual(s) responsible for the application and related commercial transactions along with their telephone and fax numbers and, if available, email addresses).

(3) The names, mailing addresses, and, if available, fax and telephone numbers of all parties with an interest in the transaction. If the goods are being exported or reexported to a purchasing agent in Iran, the exporter must identify the agent's principals at the wholesale level for whom the purchase is being made. If the goods are being exported or reexported to an individual, the exporter must identify any organizations or entities with which the individual is affiliated that have an interest in the transaction.

(4) A description of all items to be exported or reexported pursuant to the requested one-year license, including a statement that the item is classified as EAR 99, and, if necessary, documentation sufficient to verify that the items

to be exported or reexported are classified as EAR 99 and do not fall within any of the limitations contained in paragraph (d) of this section.

(5) An Official Commodity Classification of EAR 99 issued by the Department of Commerce, Bureau of Export Administration (“BXA”), certifying that the product is EAR 99 is required to be submitted to OFAC with the request for a license authorizing the exportation or reexportation of all fertilizers, live horses, western red cedar, and medical devices other than basic medical supplies, such as syringes, bandages, gauze and similar items, that are specifically listed on BXA’s website, [www.bxa.doc.gov/Regulations/TradeSanctionsReformExportEnhancementAct.html](http://www.bxa.doc.gov/Regulations/TradeSanctionsReformExportEnhancementAct.html). Medical supplies that are specifically listed on BXA’s website do not require an Official Commodity Classification of EAR 99 from BXA. BXA will also provide a list on its website of medicines that are ineligible for a one-year license under these procedures. If an exporter is uncertain whether the medicine to be exported is eligible, they should seek an Official Commodity Classification of EAR 99 from BXA and submit a copy to OFAC. See, 15 CFR 745.3 for instructions for obtaining Official Commodity Classification of EAR 99 from BXA.

(d) *Limitations.* (1) Nothing in this section or in any license issued pursuant to paragraph (a) of this section relieves the exporter from compliance with the export license application requirements of another Federal agency.

(2) Nothing in this section or in any license issued pursuant to paragraph (a) of this section authorizes the exportation or reexportation of any agricultural commodity, medicine, or medical device controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. 2778); controlled on any control list established under the Export Administration Act of 1979 or any successor statute (50 U.S.C. App. 2401 *et seq.*); or used to facilitate the development or production of a chemical or biological weapon or weapon of mass destruction.

(3) Nothing in this section or in any license issued pursuant to paragraph (a) of this section affects prohibitions

on the sale or supply of U.S. technology or software used to manufacture agricultural commodities, medicine, or medical devices, such as technology to design or produce biotechnological items or medical devices.

(4) Nothing in this section or in any license issued pursuant to paragraph (a) of this section affects U.S. non-proliferation export controls, including end-user and end-use controls maintained under the Enhanced Proliferation Control Initiative.

(5) This section does not apply to any transaction or dealing involving property blocked pursuant to this chapter or any other activity prohibited by this chapter not otherwise authorized in this part.

(e) *Covered items.* For the purposes of this part, agricultural commodities, medicine, and medical devices are defined below.

(1) *Agricultural commodities.* For the purposes of this section, agricultural commodities are:

(i) Products not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, and that fall within the term “agricultural commodity” as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602); and

(ii) Products not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, that are intended for ultimate use in Iran as:

(A) Food for humans (including raw, processed, and packaged foods; live animals; vitamins and minerals; food additives or supplements; and bottled drinking water) or animals (including animal feeds);

(B) Seeds for food crops;

(C) Fertilizers or organic fertilizers; or

(D) Reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals.

(2) *Medicine.* For the purposes of this section, the term medicine has the same meaning given the term “drug” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on



the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

(3) *Medical device.* For the purposes of this section, the term medical device has the meaning given the term “device” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

(f) *Transition period.* (1) Specific licenses issued prior to July 26, 2001 authorizing the performance of executory contracts for the sale of agricultural commodities, medicine, or medical equipment shall remain in effect until the expiration date specified in the license or July 26, 2002, whichever comes first. However, after July 26, 2001, new contracts for the exportation of agricultural commodities, medicine, or medical devices may be entered into only pursuant to the terms of, and as authorized by, this new part.

(2) Specific licenses issued prior to July 26, 2001 authorizing the sale and exportation or reexportation of bulk agricultural commodities listed in Appendix A to 31 CFR parts 538 and 550 and Appendix B to 31 CFR part 560 shall remain in effect solely to permit completion of performance of contracts already entered into prior to July 26, 2001 pursuant to the license. As of July 26, 2001, new contracts for the exportation of bulk agricultural commodities may be entered into only pursuant to the terms of, and as authorized by, this part.

[66 FR 36692, July 12, 2001]

**§ 560.531 [Reserved]**

**§ 560.532 Payment for and financing of exports and reexports of commercial commodities, medicine, and medical devices.**

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 560.530 and 560.531 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Iran entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 560.530 and 560.531. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No debits or credits to Iranian accounts on the books of U.S. depository institutions.* Nothing in this section authorizes payment terms or trade financing involving a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

(d) *Transfers through the U.S. financial system.* Any payment relating to a transaction authorized in or pursuant to § 560.530 or § 560.533 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the rejection of the transfer. See § 560.516(b).

(e) Notwithstanding any other provision of this part, no commercial exportation to Iran may be made with United States Government assistance, including United States foreign assistance, United States export assistance, and any United States credit or guarantees absent a Presidential waiver.

[64 FR 41793, Aug. 2, 1999, as amended at 64 FR 58791, Nov. 1, 1999; 66 FR 36693, July 12, 2001]

**§ 560.533 Brokering sales of agricultural commodities, medicine, and medical devices.**

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to provide brokerage services on behalf of U.S. persons for the sale and exportation or reexportation by United States persons of agricultural commodities, medicine, and

## § 560.534

medical devices, provided that the sale and exportation or reexportation is authorized by a one-year license issued pursuant to § 560.530.

(b) *Specific licensing for brokering sales by non-U.S. persons of bulk agricultural commodities.* Specific licenses may be issued on a case-by-case basis to permit United States persons to provide brokerage services on behalf of non-United States, non-Iranian persons for the sale and exportation or reexportation of bulk agricultural commodities to the Government of Iran, entities in Iran or individuals in Iran. Specific licenses issued pursuant to this section will authorize the brokering only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix B to this part 560;

(2) Are to purchasers permitted pursuant to § 560.530;

NOTE TO § 560.533 (b)(2): Requests for specific licenses to provide brokerage services under this paragraph must include all of the information described in § 560.530(c).

(3) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debits or credits to Iranian accounts on the books of U.S. depository institutions.* Payment for any brokerage fee earned pursuant to this section may not involve a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the

## 31 CFR Ch. V (7-1-02 Edition)

recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

[64 FR 41793, Aug. 2, 1999, as amended at 64 FR 58791, Nov. 1, 1999; 66 FR 36693, July 12, 2001]

### § 560.534 **Importation into the United States of, and dealings in, certain foodstuffs and carpets authorized.**

(a) The importation into the United States, from Iran or a third country, of the following goods of Iranian-origin is authorized:

(1) Foodstuffs intended for human consumption that are classified under chapters 2-23 of the Harmonized Tariff Schedule of the United States;

(2) Carpets and other textile floor coverings and carpets used as wall hangings that are classified under chapter 57 or heading 9706.00.0060 of the Harmonized Tariff Schedule of the United States.

(b) United States persons, wherever located, are authorized to engage in transactions or dealings in or related to the categories of Iranian-origin goods described in paragraph (a) of this section, provided that the transaction or dealing does not involve or relate to goods, technology, or services for exportation, reexportation, sale, or supply, directly or indirectly, to Iran or the Government of Iran, other than services described in § 560.405 (“Transactions incidental to a licensed transaction authorized”).

(c) This section does not affect any open enforcement action initiated by the U.S. Government prior to April 28, 2000, or any seizure, forfeiture, penalty, or liquidated damages case that is considered closed in accordance with Customs or other agency regulations. This section also does not authorize the importation into the United States of goods that are under seizure or detention by U.S. Customs officials pursuant to Customs laws or other applicable provisions of law, until any applicable penalties, charges, duties, or other conditions are satisfied. This section does not authorize importation into the United States of goods for which forfeiture proceedings have commenced or of goods that have been forfeited to the U.S. Government, other than through Customs disposition by selling at auction.

(d) Iranian accounts. Nothing in this section authorizes a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

(e) Examples. The following are examples of transactions permitted under this section:

(1) A United States person living abroad is permitted to purchase or sell an Iranian-origin carpet, as long as the sale is not to Iran or the Government of Iran.

(2) A United States person may process a documentary collection relating to the importation into the United States of Iranian-origin pistachios, but payment under the documentary collection may not involve the crediting of an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

[65 FR 25643, May 3, 2000]

**§ 560.535 Letters of credit and brokering services relating to certain foodstuffs and carpets.**

(a) Purchases from Iran or the Government of Iran. United States depository institutions are authorized to issue letters of credit in favor of a beneficiary in Iran or the Government of Iran to pay for purchases from Iran or the Government of Iran of the categories of Iranian-origin goods described in § 560.534(a), provided that such letters of credit are not advised, negotiated, paid, or confirmed by the Government of Iran.

(b) Transactions or dealings in Iranian-origin goods other than purchases from Iran or the Government of Iran. United States depository institutions are authorized to issue, advise, negotiate, pay, or confirm letters of credit to pay for transactions in or related to the categories of Iranian-origin goods described in § 560.534(a), other than purchases from Iran or the Government of Iran, provided that such letters of credit are not issued, advised, negotiated, paid, or confirmed by the Government of Iran.

(c) Brokering. United States persons, wherever located, are authorized to act as brokers for the purchase or sale of the categories of Iranian-origin goods

described in § 560.534(a), provided that the goods are not for exportation, re-exportation, sale, or supply, directly or indirectly, to Iran or the Government of Iran.

(d) *Iranian accounts.* Nothing in this section authorizes a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

(e) Examples. The following are examples of transactions permitted under this section:

(1) A United States depository institution may issue a letter of credit in favor of a person in Iran to finance the importation into the United States of Iranian-origin caviar; the letter of credit may be confirmed by a third-country bank that is not included within the definition of the term Government of Iran.

(2) A United States depository institution may advise or confirm a letter of credit issued by a third-country bank that is not included within the definition of the term Government of Iran to finance the purchase from a third country of Iranian-origin carpets by a U.S. person or third-country national.

(3) A United States person may broker the sale of Iranian-origin carpets from Iran to a third-country national located outside Iran.

(4) A bank that is owned or controlled by the Government of Iran may forward letter of credit documents, strictly on a documentary collection basis, either directly to a United States depository institution or to a third country bank that is not included within the definition of the term Government of Iran and that is party to a letter of credit issued by a United States depository institution. The Iranian bank may not, however, send the documents on an "approval" basis, since it is not and cannot be party to the letter of credit.

NOTE TO § 560.535: See §§ 560.304 and 560.313 for information relating to individuals and entities that are included within the definition of the term Government of Iran. Some entities meeting this definition are listed in appendix A to this part. See also § 560.516 for information relating to authorized transfers

## § 560.601

to Iran by U.S. depository institutions relating to licensed transactions.

[65 FR 25643, May 3, 2000]

### Subpart F—Reports

#### § 560.601 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]

#### § 560.602 [Reserved]

#### § 560.603 Reports on oil transactions engaged in by foreign affiliates.

(a) *Requirement for reports.* A report must be filed with the Office of Foreign Assets Control with respect to each foreign affiliate of a United States person that engaged in a reportable transaction, as defined in paragraph (b) of this section, during the calendar quarter. Reports are due within 60 days after the end of each calendar quarter.

(b) *Definitions.* For purposes of this section:

(1) The term *reportable transaction* means any purchase, sale, or swap of Iranian-origin crude oil or natural gas. For purposes of this paragraph (b), a purchase, sale, or swap is deemed to have occurred as of the date of the bill of lading used in connection with such transaction.

(2) The term *foreign affiliate* means a person or entity other than a United States person (see § 560.314) which is organized or located outside the United States and which is owned or controlled by a United States person or persons.

(c) *Who must report.* A United States person must file a report with respect to each foreign affiliate owned or controlled by it which engaged in a reportable transaction or transactions during the calendar quarter. For the calendar quarter beginning October 1, 1996, and all subsequent quarters, a United States person must file a report only as to each foreign affiliate owned or controlled by it which engaged in a reportable transaction or transactions totaling \$1,000,000 or more during the calendar quarter. A single United States entity within a consolidated or affiliated group may be designated to report

## 31 CFR Ch. V (7–1–02 Edition)

on each foreign affiliate of the United States members of the group. Such centralized reporting may be done by the United States person who owns or controls, or has been delegated authority to file on behalf of, the remaining United States persons in the group.

(d) *What must be reported.* (1) Part I of the report must provide the name, address, and principal place of business of the United States person; its place of incorporation or organization if an entity; and the name, title, and telephone number of the individual to contact concerning the report.

(2) Part II of the report must provide, with respect to the foreign affiliate, its name and address; the type of entity, *e.g.*, corporation, partnership, limited liability company; the country of its incorporation or organization; and its principal place of business.

(3) Part III of the report must include the following information with respect to each reportable transaction (a separate Part III must be submitted for each reportable transaction):

(i) The nature of the transaction, *e.g.*, purchase, sale, swap;

(ii) A description of the product involved;

(iii) The name of the Iranian or third country party or parties involved in the transaction;

(iv) The currency and amount of the transaction, and corresponding United States dollar value of the transaction if not denominated in United States dollars.

(e) *Where to report.* Reports must be filed with the Compliance Programs Division, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue, NW—Annex, Washington, DC 20220. Reports may be submitted by facsimile transmission at 202/622-1657. A copy must be retained for the reporter's records.

(f) *Whom to contact.* Blocked Assets Division, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue, NW—Annex, Washington, DC 20220; telephone: 202/622-2440.

[63 FR 62941, Nov. 10, 1998]

**Subpart G—Penalties****§ 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 adjusted 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.

(d) 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.

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

[60 FR 47063, Sept. 11, 1995, as amended at 61 FR 43461, Aug. 23, 1996; 61 FR 54939, Oct. 23, 1996; 62 FR 45109, Aug. 25, 1997]

**§ 560.702 Detention of shipments.**

Import shipments into the United States of Iranian–origin goods in violation of § 560.201 and export shipments from the United States of goods destined for Iran in violation of § 560.202 or 560.204 shall be detained. No such import, export, or reexport will be permitted to proceed, except as specifically authorized by the Secretary of the Treasury. Unless licensed, such shipments are subject to penalty or seizure and forfeiture action, under the Customs laws or other applicable provisions of law, depending on the circumstances.

**§ 560.703 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 may issue to the person concerned a notice of his intent to impose a monetary penalty. The prepenalty notice may 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 will describe the

## § 560.704

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.

### § 560.704 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 the 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.

### § 560.705 Penalty notice.

(a) *No violation.* If, after considering any 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 shall promptly 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 may issue a written notice of the imposition of the monetary penalty to that person.

### § 560.706 Referral for administrative collection measures or to United States Department of Justice.

In the event that the person named does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director

## 31 CFR Ch. V (7-1-02 Edition)

within 30 days of the mailing of the written notice of the imposition of the penalty, the matter may be referred for administrative collection measures or 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

### § 560.801 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 subpart D of part 501 of this chapter.

[62 FR 45109, Aug. 25, 1997]

### § 560.802 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 12613, Executive Order 12957, Executive Order 12959, and any further Executive orders relating to the national emergency declared in Executive Order 12957 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.

[60 FR 47063, Sept. 11, 1995. Redesignated at 62 FR 45109, Aug. 25, 1997]

### § 560.803 Customs procedures: Goods specified in § 560.201.

(a) With respect to goods specified in § 560.201, and not otherwise licensed or excepted from the scope of that section, appropriate Customs officers shall not accept or allow any:

(1) Entry for consumption or warehouse (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Admission, entry, transfer or withdrawal to or from a foreign trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign trade zone.

(b) Customs officers may accept or allow the importation of Iranian-origin goods under the procedures listed in paragraph (a) if:

(1) A specific license pursuant to this part is presented; or

(2) Instructions authorizing the transaction are received from the Office of Foreign Assets Control.

(c) Whenever a specific license is presented to an appropriate Customs officer in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved must be filed with the appropriate Customs officers at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, must bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license must be presented to the appropriate Customs officers in respect of each such transaction and must bear a notation in ink by the licensee or person presenting the license showing the description, quantity and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation must be so placed and so written that there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal, or other transaction with regard to the merchandise, the appropriate Customs officer, or other authorized Customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the appropriate Customs officer to the Office of Foreign Assets Control.

(d) If it is unclear whether an entry, withdrawal or other action affected by this section requires a specific license from the Office of Foreign Assets Control, the appropriate Customs officer

may withhold any action thereon and shall advise such person to communicate directly with the Office of Foreign Assets Control to request that instructions be sent to the Customs officer to authorize him to take action with regard thereto.

[60 FR 47063, Sept. 11, 1995. Redesignated at 62 FR 45109, Aug. 25, 1997]

### Subpart I—Paperwork Reduction Act

#### § 560.901 Paperwork Reduction Act notice.

The specific information collection requirements in §560.603 have been approved by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act (44 U.S.C. 3507(j)) and assigned control number 1505-0106. For approval by OMB under the Paperwork Reduction Act of information collections relating to recordkeeping 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 45109, Aug. 25, 1997]

#### APPENDIX A TO PART 560—FINANCIAL INSTITUTIONS DETERMINED TO BE OWNED OR CONTROLLED BY THE GOVERNMENT OF IRAN

This appendix lists financial institutions determined by the Office of Foreign Assets Control to be entities owned or controlled by the Government of Iran within the meaning of §560.313. The names and addresses represent the most complete list available at this time. Unless otherwise indicated, the financial institutions listed below are considered to be entities *owned or controlled by the Government of Iran* when they operate, not only from the locations listed below, but also from any other location. The names and addresses are subject to change, and the Office of Foreign Assets Control will update the list as needed.

1. AGRICULTURAL COOPERATIVE BANK OF IRAN (a.k.a. BANK TAAVON KESHAVARZI IRAN), No. 129 Patrice Lumumba Street, Jalal-Al-Ahmad Expressway, P.O. Box 14155/6395, Tehran, Iran

2. AGRICULTURAL DEVELOPMENT BANK OF IRAN (a.k.a. BANK JOSIAIYI KESHAHVARI), Farahzad Expressway, Tehran, Iran
3. BANK JOSIAIYI KESHAHVARI (a.k.a. AGRICULTURAL DEVELOPMENT BANK OF IRAN), Farahzad Expressway, Tehran, Iran
4. BANK MARKAZI JOMHOURI ISLAMI IRAN (a.k.a. THE CENTRAL BANK OF IRAN), Ferdowsi Avenue, P.O. Box 11365-8551, Tehran, Iran
5. BANK MASKAN (a.k.a. HOUSING BANK (of Iran)), Ferdowsi St., Tehran, Iran
6. BANK MELLAT, Park Shahr, Varzesh Avenue, P.O. Box 11365/5964, Tehran, Iran, and all offices worldwide, including, but not limited to:
  - a. BANK MELLAT (Branch), Ziya Gokalp Bulvari No. 12, Kizilay, Ankara, Turkey
  - b. BANK MELLAT (Branch), Binbir Cicek Sokak, Buyukdere Caddesi, P.O. Box 67, Levant, Istanbul, Turkey
  - c. BANK MELLAT (Branch), 48 Gresham Street, London EC2V 7AX, England
7. BANK MELLI, P.O. Box 11365-171, Ferdowsi Avenue, Tehran, Iran, and all offices worldwide, including, but not limited to:
  - a. BANK MELLI (Branch), 4 Moorgate, London EC2R 6AL, England
  - b. BANK MELLI (Branch), Schadowplatz 12, 4000 Dusseldorf 1, Germany
  - c. BANK MELLI (Branch), Friedenstrasse 4, P.O. Box 160 154, 6000 Frankfurt am Main, Germany
  - d. BANK MELLI (Branch), P.O. Box 112129, Holzbruecke 2, 2000 Hamburg 11, Germany
  - e. BANK MELLI (Branch), Odeonsplatz 18, 8000 Munich 22, Germany
  - f. BANK MELLI (Branch), 43 Avenue Montaigne, 75008 Paris, France
  - g. BANK MELLI (Branch), 601 Gloucester Tower, The Landmark, 11 Pedder Street, P.O. Box 720, Hong Kong
  - h. BANK MELLI (Representative Office), 333 New Tokyo Building, 3-1 Marunouchi, 3-chome, Chiyoda-ku, Tokyo, Japan
  - i. BANK MELLI (Representative Office), 818 Wilshire Boulevard, Los Angeles, California 90017, U.S.A
  - j. BANK MELLI (Representative Office), 767 Fifth Avenue, 44th Floor, New York, New York 10153, U.S.A
  - k. BANK MELLI (Representative Office), Smolensky Boulevard 22/14, Kv. S., Moscow, Russia
  - l. BANK MELLI (Branch), Flat No. 1, First Floor, 8 Al Sad El-Aaly, Dokki, P.O. Box 2654, Cairo, Egypt
  - m. BANK MELLI (Branch), Ben Yas Street, P.O. Box No. 1894, Riga Deira, Dubai, U.A.E
  - n. BANK MELLI (Branch), P.O. Box 2656, Shaikha Maryam Building, Liwa Street, Abu Dhabi, U.A.E
  - o. BANK MELLI (Branch), B.P.O. Box 1888, Clock Tower, Industrial Road, Al-Ain Club Building in from Emertel Al Ain, Al Ain, Abu Dhabi, U.A.E
  - p. BANK MELLI (Branch), P.O. Box 1894, Riqa, Ban Yas Street, Deira, Dubai, U.A.E
  - q. BANK MELLI (Branch), Mohd-Habib Building, Al-Fahidi Street, P.O. Box 3093, Bur Dubai, Dubai, U.A.E
  - r. BANK MELLI (Branch), P.O. Box 248, Fujairah, U.A.E
  - s. BANK MELLI (Branch), Sami Sagar Building Oman Street Al-Nakheel, P.O. Box 5270, Ras-Al Khaimah, U.A.E
  - t. BANK MELLI (Branch), P.O. Box 459, Al Bory Street, Sharjah, U.A.E
  - u. BANK MELLI (Branch), P.O. Box 785, Government Road, Shaikh Mubarak Building, Manama, Bahrain
  - v. BANK MELLI (Branch), P.O. Box 23309, Shaikh Salman Street, Road No. 1129, Muharraq 211, Bahrain
  - w. BANK MELLI (Branch), P.O. Box 5643, Mossa Abdul Rehman Hassan Building, 238 Al Burj St., Ruwi, Muscat, Oman
  8. BANK OF INDUSTRY AND MINE (of Iran) (a.k.a. BANK SANAT VA MADAN), Hafez Avenue, P.O. Box 11365/4978, Tehran, Iran
  9. BANK REFAH KARGARAN (a.k.a. WORKERS WELFARE BANK (of Iran)), Moffettah No. 125, P.O. Box 15815 1866, Tehran, Iran
  10. BANK SADERAT IRAN, Bank Saderat Tower, P.O. Box 15745-631, Somayeh Street, Tehran, Iran, and all offices worldwide, including, but not limited to:
    - a. BANK SADERAT IRAN (Branch), Hamdam Street, Airport Road Intersection, P.O. Box 700, Abu Dhabi, U.A.E
    - b. BANK SADERAT IRAN (Branch), Al-Am Road, P.O. Box 1140, Al Ein, Abu Dhabi, U.A.E
    - c. BANK SADERAT IRAN (Branch), Liwara Street, P.O. Box 16, Ajman, U.A.E
    - d. BANK SADERAT IRAN (Branch), 3rd Floor Dom Dasaf Building, Mejloka Street 7A, Ashkhabad, Turkmenistan
    - e. BANK SADERAT IRAN (Branch), 25-29 Panepistimiou Street, P.O. Box 4308, GR-10210, Athens 10672, Greece
    - f. BANK SADERAT IRAN (Branch), Imam Ali Street, Sahat Yaghi, Ras Elain-Alektisad Building 2nd Floor, Baalbeck, Lebanon
    - g. BANK SADERAT IRAN (Branch and Offshore Banking Unit), 106 Government Road, P.O. Box 825, Manama Town 316, Bahrain
    - h. BANK SADERAT IRAN (Branch), Hamra Pavillion Street, Savvagh and Daaboul Building 1st Floor, P.O. Box 113-6717, Beirut, Lebanon
    - i. BANK SADERAT IRAN (Branch), Alghobairi Boulevard, Beirut, Lebanon
    - j. BANK SADERAT IRAN (Branch), 28 Sherif Street, P.O. Box 462, Cairo, Egypt



- k. BANK SADERAT IRAN (Branch), Old Ben-Ghanem Street (next to God Market), P.O. Box 2256, Doha, Qatar
- l. BANK SADERAT IRAN (Branch), Almaktoom Road, P.O. Box 4182, Deira, Dubai, U.A.E
- m. BANK SADERAT IRAN (Branch), Bazar Murshid, P.O. Box 4182, Deira, Dubai, U.A.E
- n. BANK SADERAT IRAN (Branch), Alfahid Road, P.O. Box 4182, Bur Dubai, Dubai, U.A.E
- o. BANK SADERAT IRAN (Branch), Sherea Shekikh Zayad Street, P.O. Box 55, Fujairah, U.A.E
- p. BANK SADERAT IRAN (Branch), Wilhelm Leuschner Strasse 41, P.O. Box 160151, W-6000 Frankfurt am Main, Germany
- q. BANK SADERAT IRAN (Branch), P.O. Box 112227, Hopfenhof Passage, Kleiner Bustah 6-10, W-2000 Hamburg 11, Germany
- r. BANK SADERAT IRAN (Branch), Lothbury, London EC2R 7HD, England
- s. BANK SADERAT IRAN (Representative Office), 707 Wilshire Boulevard, Suite 4880, Los Angeles, California 90017, U.S.A
- t. BANK SADERAT IRAN (Representative Office), 55 East 59th Street, 16th Floor, New York, New York 10022, U.S.A.
- u. BANK SADERAT IRAN (Branch), P.O. Box 4269, Mutrah, Muscat, Oman
- v. BANK SADERAT IRAN (Branch), 16 Rue de la Paix, Paris 2eme, 75002 Paris, France
- w. BANK SADERAT IRAN (Branch), Alaroba Road, P.O. Box 316, Sharjah, U.A.E
- 11. BANK SANAT VA MADAN (a.k.a. BANK OF INDUSTRY AND MINE (of Iran)), Hafez Avenue, P.O. Box 11365/4978, Tehran, Iran
- 12. BANK SEPAH, Emam Khomeini Square, P.O. Box 11364, Tehran, Iran, and all offices worldwide, including, but not limited to:
  - a. BANK SEPAH (Branch), Muenchener Strasse 49, P.O. Box 10 03 47, W-6000 Frankfurt am Main 1, Germany
  - b. BANK SEPAH (Branch), 5/7 Eastcheap, EC3M 1JT London, England
  - c. BANK SEPAH (Representative Office), 650 Fifth Avenue, New York, New York 10019, U.S.A
  - d. BANK SEPAH (Branch), 17 Place Vendome, 75001 Paris, France.
  - e. BANK SEPAH (Branch), Via Barberini 50, 00187 Rome, Italy
  - f. BANK SEPAH (Representative Office), Ufficio di Rappresentan Za, Via Ugo Foscolo 1, 20121 Milan, Italy
- 13. BANK TAAVON KESHAVARZI IRAN (a.k.a. AGRICULTURAL COOPERATIVE BANK OF IRAN) No. 129 Patrice Lumumba Street, Jalal-Al-Ahmad Expressway, P.O. Box 14155/6395, Tehran, Iran
- 14. BANK TEJARAT, 130 Taleghani Avenue, Nejatoullahie, P.O. Box 11365-5416, Tehran, Iran, and all offices worldwide, including, but not limited to:
  - a. BANK TEJARAT (Branch), 6/8 Clements Lane, London EC4N 7AP, England
  - b. BANK TEJARAT (Branch), 44 Avenue des Champs Elysees, 75008 Paris, France
- 15. DEUTSCH-IRANISCHE HANDELSBANK AG (n.k.a. EUROPAEISCH-IRANISCHE HANDELSBANK AG) Depenau 2, W-2000 Hamburg 1, Germany, and all offices worldwide, including, but not limited to:
  - a. DEUTSCH-IRANISCHE HANDELSBANK AG (n.k.a. EUROPAEISCH-IRANISCHE HANDELSBANK AG) (Representative Office), 23 Argentine Square, Beihaghi Bulvard, P.O. Box 15815/1787, Tehran 15148, Iran
- 16. EUROPAEISCH-IRANISCHE HANDELSBANK AG (f.k.a. DEUTSCH-IRANISCHE HANDELSBANK AG) Depenau 2, W-2000 Hamburg 1, Germany, and all offices worldwide, including, but not limited to:
  - a. EUROPAEISCH-IRANISCHE HANDELSBANK AG (f.k.a. DEUTSCH-IRANISCHE HANDELSBANK AG) (Representative Office), 23 Argentine Square, Beihaghi Bulvard, P.O. Box 15815/1787, Tehran 15148, Iran
- 17. HOUSING BANK (of Iran) (a.k.a. BANK MASKAN), Ferdowsi St., Tehran, Iran
- 18. IRAN OVERSEAS INVESTMENT BANK LIMITED (f.k.a. IRAN OVERSEAS INVESTMENT CORPORATION LIMITED), 120 Moorgate, London EC2M 6TS, England, and all offices worldwide, including, but not limited to:
  - a. IRAN OVERSEAS INVESTMENT BANK LIMITED (Representative Office), 1137 Avenue Vali Asr off Park-e-Sall, P.O. Box 15115/531, Tehran, Iran
  - b. IRAN OVERSEAS INVESTMENT BANK LIMITED (Agency), Suite 3c Olympia House, 61/63 Dame Street, Dublin 2, Ireland
  - c. IRAN OVERSEAS INVESTMENT BANK LIMITED (Agency), Improgetti, Via Germanico 24, 00192 Rome, Italy
  - d. IRAN OVERSEAS TRADING COMPANY LIMITED (Subsidiary), 120 Moorgate, London EC2M 6TS, England
  - e. IRAN OVERSEAS INVESTMENT CORPORATION LIMITED (n.k.a. IRAN OVERSEAS INVESTMENT BANK LIMITED), 120 Moorgate, London EC2M 6TS, England
- 19. THE CENTRAL BANK OF IRAN (a.k.a. BANK MARKAZI JOMHOURI ISLAMI IRAN), Ferdowsi Avenue, P.O. Box 11365-8551, Tehran, Iran
- 20. WORKERS WELFARE BANK (of Iran) (a.k.a. BANK REFAH KARGARAN),

**Pt. 560, App. B**

Moffettah No. 125, P.O. Box 15815 1866, Tehran, Iran

[64 FR 20175, Apr. 26, 1999. Redesignated at 64 FR 41793, Aug. 2, 1999]

**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

**31 CFR Ch. V (7-1-02 Edition)**

[64 FR 41793, Aug. 2, 1999]

**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 Government of Kuwait.

575.308 Interest.

575.309 Iraq; Iraqi.  
 575.310 Kuwait; Kuwaiti.  
 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.  
 575.325 986 Escrow Account; United Nations Iraq Account.  
 575.326 Executory contract.  
 575.327 Memorandum of Understanding.  
 575.328 Guidelines.

#### 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.

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

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 [Reserved]

575.505 Completion of certain transactions related to bankers acceptances authorized.  
 575.506 Payment by the Government of Iraq of obligations to persons within the United States authorized.  
 575.507 Certain exports to Iraq authorized.  
 575.508 Import of household and personal effects from Iraq authorized.  
 575.509 Payment and transfers authorized for shipments of oil under contract and en route to the United States prior to the effective date.  
 575.510 Payment and transfers authorized for goods and services exported to Iraq prior to the effective date.  
 575.511 Extensions or renewals authorized.  
 575.512 [Reserved]  
 575.513 Transactions related to telecommunications authorized.  
 575.514 Transactions related to mail authorized.  
 575.515—75.516 [Reserved]  
 575.517 Procedures established for export transactions initiated prior to the effective date.  
 575.518 Certain standby letters of credit and performance bonds.  
 575.519 Certain imports for diplomatic or official personnel authorized.  
 575.520 Donations of food to relieve human suffering authorized.  
 575.521 Donations of medical supplies authorized.  
 575.522 Executory contracts with the Government of Iraq for trade in petroleum, pipeline parts and equipment, humanitarian goods, and oil field equipment authorized.  
 575.523 Certain transactions in Iraqi petroleum and petroleum products.  
 575.524 Exportation of pipeline parts and equipment.  
 575.525 Exportation of humanitarian aid.  
 575.526 Dealings in and importation of certain Iraqi-origin petroleum and petroleum products authorized.

#### 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.

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 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

**§ 575.204**

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 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.

**31 CFR Ch. V (7-1-02 Edition)**

**§ 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 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

## § 575.307

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 Government of Kuwait.

The term *Government of Kuwait* includes:

(a) The State and Government of Kuwait and any entity purporting to be the Government of Kuwait, as well as any political subdivision, agency, or instrumentality thereof, including the Central Bank of Kuwait;

(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;

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

### § 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:

## 31 CFR Ch. V (7–1–02 Edition)

(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 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 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

### § 575.323

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]

### § 575.325 986 Escrow Account; United Nations Iraq Account.

The term *986 Escrow Account* or *United Nations Iraq Account* means the escrow account established by the Secretary-General of the United Nations pursuant to paragraph 7 of UNSC Resolution 986.

[61 FR 65313, Dec. 11, 1996]

### § 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 Memorandum of Understanding.

The term *Memorandum of Understanding* means the Memorandum of Understanding Between the Secretariat of the United Nations and the Govern-

## 31 CFR Ch. V (7-1-02 Edition)

ment of Iraq on the Implementation of Security Council Resolution 986 (1995).

[61 FR 65313, Dec. 11, 1996]

### § 575.328 Guidelines.

The term *Guidelines* means the Procedures to be Employed by the Security Council Committee Established by Resolution 661 (1990) Concerning the Situation Between Iraq and Kuwait in the Discharge of its Responsibility as Required by Paragraph 12 of Security Council Resolution 986 (1995).

[61 FR 65313, Dec. 11, 1996]

## 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 property 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 trans-

actions 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 Resolution 661 on the importation of goods exported from Iraq or Kuwait after August 6, 1990, substantial transformation

#### **§ 575.411**

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

#### **31 CFR Ch. V (7-1-02 Edition)**

#### **§ 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.

## § 575.417 [Reserved]

## § 575.418 Transactions incidental to a licensed transaction.

(a) Any transaction ordinarily incidental 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.

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

## § 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 re-

spect 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

**§ 575.504**

**31 CFR Ch. V (7-1-02 Edition)**

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 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 [Reserved]**

**§ 575.505 Completion of certain transactions related to bankers acceptances authorized.**

(a) Persons other than the Government of Iraq are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving an interest of the Government of Iraq as long as the bankers acceptances were created or the deferred payment undertakings were incurred prior to the effective date.

(b) Persons other than the Government of Iraq are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving the importation or exportation of goods to or from Iraq that do not involve an interest of the Government of Iraq as long as the bankers acceptances or the deferred payment undertakings were accepted prior to the effective date.

(c) Nothing in this section shall authorize or permit a debit to a blocked account. Specific licenses for the debiting of a blocked account may be issued on a case-by-case basis.

**§ 575.506 Payment by the Government of Iraq of obligations to persons within the United States authorized.**

(a) The transfer of funds after the effective date by, through, or to any U.S. financial institution or other U.S. person solely for the purpose of payment of obligations of the Government of Iraq to persons or accounts within the United States is authorized, provided that the obligation arose prior to the effective date, and the payment requires no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

(b) A person receiving payment under this section may distribute all or part of that payment to any person, provided that any such payment to the Government of Iraq must be to a blocked account in a U.S. financial institution.

(c) The authorization in this section is subject to the condition that written notification from the U.S. financial institution or U.S. person transferring or receiving funds is furnished to the Office of Foreign Assets Control, Blocked Assets Section, within 10 business days from the date of transfer or receipt. The notification shall provide the account number, name and address of the transferor and/or transferee U.S. financial institution or person, and the account number, name and address of the person into whose account payment is made.

**§ 575.507 Certain exports to Iraq authorized.**

(a) All transactions ordinarily incident to the exportation of any item, commodity, or product from the United States to or destined for Iraq are authorized if:

(1) Such exports would ordinarily be authorized under one of the following regulations administered by the Department of Commerce: 15 CFR 771.6—General license BAGGAGE (accompanied and unaccompanied baggage); 15 CFR 771.13—General license GUS (shipments to personnel and agencies of the U.S. Government); or,

(2) Such exports are for the official use of the United Nations, its personnel and agencies (excluding its relief or developmental agencies).

(b) All transactions related to exportation or reexportation not otherwise authorized in this part, are prohibited unless licensed pursuant to the procedures described in § 575.801 by the Office of Foreign Assets Control.

[56 FR 2113, Jan. 18, 1991, as amended at 56 FR 5636, Feb. 11, 1991]

**§ 575.508 Import of household and personal effects from Iraq authorized.**

The importation of household and personal effects of Iraqi origin, including baggage and articles for family use, of persons arriving in the United States directly or indirectly from Iraq is authorized. Articles included in such effects may be imported without limitation provided they were actually used by such persons or their family members abroad, are not intended for any other person or for sale, and are not otherwise prohibited from importation.

**§ 575.509 Payments and transfers authorized for shipments of oil under contract and en route to the United States prior to the effective date.**

(a) Oil of Iraqi origin or oil in which the Government of Iraq has an interest may be imported into the United States only if:

(1) Prior to the effective date, the oil was loaded for ultimate delivery to the United States on board a vessel in Iraq, Kuwait, or a third country;

(2) The oil was imported into the United States before 11:59 p.m. Eastern Daylight Time, October 1, 1990; and

(3) The bill of lading accompanying the oil was issued prior to the effective date.

(b) Any payment owed or balance not paid to or for the benefit of the Government of Iraq prior to the effective date for oil imported pursuant to paragraph (a) must be paid into a blocked account in a U.S. financial institution.

(c) Transactions conducted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section, no later than 10 days after the date of importation.

NOTE: Transactions authorized by this provision have been completed prior to January 18, 1991. The text of this license is included for the convenience of the user.

**§ 575.510 Payments and transfers authorized for goods and services exported to Iraq prior to the effective date.**

(a) Specific licenses may be issued on a case-by-case basis to permit payment involving an irrevocable letter of credit issued or confirmed by a U.S. bank, or a letter of credit reimbursement confirmed by a U.S. bank, from a blocked account or otherwise, of amounts owed to or for the benefit of a person with respect to goods or services exported prior to the effective date directly or indirectly to Iraq or Kuwait, or to third countries for an entity operated from Iraq or Kuwait, or for the benefit of the Government of Iraq, where the license application presents evidence satisfactory to the Office of Foreign Assets Control that:

(1) The exportation occurred prior to the effective date (such evidence may include, *e.g.*, the bill of lading, the air waybill, the purchaser's written confirmation of completed services, customs documents, and insurance documents); and

(2) If delivery or performance occurred after the effective date, due diligence was exercised to divert delivery of the goods from Iraq and to effect final delivery of the goods to a non-prohibited destination, or to prevent performance of the services.

(b) Specific license applications must also contain the following information:

**§575.511**

(1) The name and address of any Iraqi broker, purchasing agent, or other participant in the sale of goods or services exported to Iraq; and an explanation of the facts and circumstances surrounding the entry into and execution of the transaction; and

(2) A notarized statement by the applicant certifying that no ownership interest greater than five (5) percent is held by the Government of Iraq or an Iraqi person in the beneficiary of the letters of credit, or if such interest exists, the name, address and ownership interest of the Government of Iraq entity or Iraqi person holding such interest.

(c) This section does not authorize exportation or the performance of services after the effective date pursuant to a contract entered into or partially performed prior to the effective date.

(d) Transactions conducted under specific licenses granted pursuant to this section must be reported in writing to the Office of Foreign Assets Control, Blocked Assets Section, no later than 10 days after the date of payment.

(e) Separate criteria may be applied to the issuance of licenses authorizing payment from an account of or held by a blocked U.S. bank owned or controlled by the Government of Iraq.

**§575.511 Extensions or renewals authorized.**

(a) The extension or renewal, at the request of the account party, of a letter of credit or a standby letter of credit issued or confirmed by a U.S. financial institution is authorized.

(b) Transactions conducted pursuant to this section must be reported to the Office of Foreign Assets Control, Blocked Assets Section, within 10 days after completion of the transaction.

**§575.512 [Reserved]**

**575.513 Transactions related to telecommunications authorized.**

All transactions of U.S. common carriers with respect to the receipt and transmission of telecommunications involving Iraq are authorized, provided that any payment owed to the Government of Iraq or persons in Iraq is paid into a blocked account in a U.S. financial institution.

**31 CFR Ch. V (7-1-02 Edition)**

**§575.514 Transactions related to mail authorized.**

All transactions by U.S. persons, including payment and transfers to common carriers, incident to the receipt or transmission of mail between the United States and Iraq are authorized, provided that mail is limited to personal communications not involving a transfer of anything of value and not exceeding 12 ounces.

**§§575.515-575.516 [Reserved]**

**§575.517 Procedures established for export transactions initiated prior to effective date.**

Goods awaiting exportation to Iraq on the effective date and seized or detained by the U.S. Customs Service on the effective date or thereafter may be released to the exporter, provided the following documents are filed with Customs officials at the port where such goods are located:

(a) A copy of the contract governing the exportation (sale or other transfer) of the goods to Iraq or, if no contract exists, a written explanation of the circumstances of exportation, including in either case a description of the manner and terms of payment received or to be received by the exporter (or other person) for, or by reason of, the exportation of the goods;

(b) An invoice, bill of lading, or other documentation fully describing the goods; and

(c) A statement by the exporter substantially in the following form:

Any amount received from or on behalf of the Government of Iraq by reason of the attempted exportation of the goods released to [name of exporter] by the U.S. Customs Service on [date], and fully described in the attached documents, has been or will be placed into a blocked account in a U.S. bank and the Office of Foreign Assets Control, Blocked Assets Section, will be immediately notified. [Name of exporter] agrees to fully indemnify the U.S. Government for any amount ultimately determined by a court of competent jurisdiction to be due or payable to or for the benefit of any person by reason of the failure of [name of exporter] to properly pay into a blocked account any amount received for the goods from or on behalf of the Government of Iraq. [Name of exporter] also agrees to



waive all claims (1) against any payments received and placed into a blocked account, except as may be later authorized by law, regulations, or license, and (2) against the U.S. Government with regard to the disposition of the amounts placed into a blocked account.

The statement should be dated and signed by the exporter or by a person authorized to sign on the exporter's behalf. The Customs Service may release the goods to the exporter upon receipt of the documentation and statement described above, provided it is satisfied that all customs laws and regulations have been complied with, including the execution of such hold harmless assurances as it shall determine to be appropriate. The documentation and statement received by Customs will be forwarded to the Office of Foreign Assets Control for review and appropriate action.

**§ 575.518 Certain standby letters of credit and performance bonds.**

(a) Notwithstanding any other provision of law, payment into a blocked account in a U.S. financial institution by an issuing or confirming bank under a standby letter of credit in favor of a beneficiary that is the Government of Iraq or a person in Iraq is prohibited by § 575.201 and not authorized, notwithstanding the provisions of § 575.503, if:

(1) The account party is a U.S. person; and

(2)(i) A specific license has been issued pursuant to the provisions of paragraph (b) of this section, or

(ii) 10 business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Iraqi beneficiary in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this section relieves any such bank or such account party from giving any notice of defense

against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank shall not make payment under the standby letter of credit unless:

(1) 10 business days have expired since the bank has received notice of the removal of the injunction, and

(2) A specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Director of the Office of Foreign Assets Control may at any time require the payment of the amounts due under any letter of credit described in paragraph (a) of this section into a blocked account in a U.S. financial institution or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes the account party on any standby letter of credit or any other person from at any time contesting the legality of the demand from an Iraqi beneficiary or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties to the instruments covered by this section if the instruments and payments thereunder are subsequently unblocked.

(g) The section does not authorize any U.S. person to reimburse a non-U.S. bank for payment to a Iraqi beneficiary under a standby letter of credit, except by payments into a blocked account in accordance with § 575.503 or paragraph (b) or (c) of this section.

(h) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within 5 business days after receipt of that license that it has established the blocked account on its books as provided in those paragraphs. However, in appropriate

## § 575.519

cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(i) For the purposes of this section:

(1) The term *standby letter of credit* shall mean a letter of credit securing performance of, or repayment of, any advance payments or deposits under a contract, or any similar obligation in the nature of a performance bond;

(2) The term *account party* shall mean the person for whose account the standby letter of credit is opened; and

(3) The term *Iraqi beneficiary* shall mean a beneficiary that is

(i) A person in Iraq,

(ii) An entity operated from Iraq, or

(iii) The Government of Iraq.

## § 575.519 Certain imports for diplomatic or official personnel authorized.

All transactions ordinarily incident to the importation of any goods or services into the United States destined for official or personal use by personnel employed by the diplomatic missions of the Government of Iraq to the United States and to international organizations located in the United States are authorized, not for resale, and unless the importation is otherwise prohibited by law.

## § 575.520 Donations of food to relieve human suffering authorized.

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to Iraq of donated food intended to relieve human suffering.

(b) In general, specific licenses will only be granted for donations of food to be provided through the United Nations in accordance with United Nations Security Council Resolutions 661 and 666 and in cooperation with the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under United Nations Security Council Resolution 666 and any other applicable Security Council resolutions, in order

## 31 CFR Ch. V (7-1-02 Edition)

to ensure that such donations reach the intended beneficiaries.

(c) Applications for specific licenses pursuant to paragraph (a) of this section shall be made in advance of the proposed exportation, and provide the following information:

(1) The nature, quantity, value, and intended use of the donated food; and

(2) The terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized body subordinate thereto to govern the shipment of foodstuffs under applicable United Nations Security Council resolutions, including Resolutions 661 and 666.

## § 575.521 Donations of medical supplies authorized.

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to Iraq of donated supplies intended strictly for medical purposes, in accordance with the provisions of United Nations Security Council Resolutions 661 and 666 and other applicable Security Council resolutions.

(b) In general, specific licenses will only be granted for the exportation of medical supplies through the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under applicable Security Council resolutions, in order to ensure that such supplies reach the intended recipient.

(c) Applications for specific licenses pursuant to paragraph (a) shall be made in advance of the proposed exportation, and provide the following information:

(1) The nature, quantity, value, and intended use of the medical supplies;

(2) The terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized body subordinate thereto to govern the shipment of medical supplies under applicable Security Council resolutions.

**§ 575.522 Executory contracts with the Government of Iraq for trade in petroleum, pipeline parts and equipment, humanitarian goods, and oil field equipment authorized.**

(a) United States persons are authorized to enter into executory contracts with the Government of Iraq for the following transactions, the performance of which (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(1) The purchase and exportation from Iraq of Iraqi-origin petroleum and petroleum products;

(2) The sale and exportation to Iraq of parts and equipment that are essential for the safe operation of the Kirkuk-Yumurtaalik pipeline system in Iraq;

(3) The sale and exportation to Iraq of medicines, health supplies, foodstuffs, and materials and supplies for essential civilian needs; and

(4) The sale and exportation to Iraq of oilfield parts and equipment to the extent necessary to enable Iraq to export petroleum and petroleum products in accordance with United Nations Security Council Resolutions No. 1153 and 1175 and other relevant UNSC Resolutions.

(b) United States persons are authorized to enter into executory contracts for the trading, importation, exportation, or other dealings in or related to Iraqi-origin petroleum and petroleum products outside Iraq, the performance of which is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part.

(c) The authorization contained in paragraphs (a) and (b) of this section applies only to executory contracts meeting both of the following conditions:

(1) The executory contracts, including all related financing, insurance, transportation, delivery, and other incidental contracts, are consistent with all requirements of UNSC Resolution 986, other applicable Security Council resolutions, the May 20, 1996 Memorandum of Understanding Between the Secretariat of the United Nations and

the Government of Iraq on the Implementation of Security Council Resolution 986 (1995), and applicable guidance issued by the 661 Committee; and

(2) The executory contracts make any performance involving the exportation, reexportation, transfer or supply of any goods, technology or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. See § 575.101(b).

(d) Nothing in this section authorizes any transaction related to a United States person's travel to Iraq or activity within Iraq, or any debit to an account blocked pursuant to this part.

(e) Note: U.S. passports must be validated by the U.S. Department of State for travel to Iraq.

(f) Attention is drawn to the record-keeping and retention requirements of § 575.601.

[61 FR 36628, July 12, 1996, as amended at 61 FR 65313, Dec. 11, 1996; 63 FR 62942, Nov. 10, 1998]

**§ 575.523 Certain transactions in Iraqi petroleum and petroleum products.**

(a) Specific licenses may be issued on a case-by-case basis to permit United States persons to purchase Iraqi-origin petroleum or petroleum products from the Government of Iraq in accordance with the provisions of UNSC Resolution 986, other relevant Security Council resolutions, the Memorandum of Understanding, and other guidance issued by the 661 Committee. Licensees will be included on the U.S. oil purchaser list to be provided to the 661 Committee, authorizing such U.S. persons to seek approval from the 661 Committee or its designee for the purchase of Iraqi-origin petroleum or petroleum products. Licensees are authorized to perform a contract approved by the 661 Committee or its designee in accordance with its terms.

(b) Applications for specific licenses pursuant to this section shall provide the following information:

(1) The applicant's full legal name;

(2) The applicant's mailing and street addresses;

(3) The name of the individual(s) responsible for the license application and related commercial transactions

**§ 575.524**

**31 CFR Ch. V (7-1-02 Edition)**

and the individual's telephone and facsimile numbers;

(4) If the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business;

(5) Written certification that the applicant has entered into an executory contract for the purchase of Iraqi-origin petroleum or petroleum products with the Government of Iraq, that the contract accords with normal arms-length commercial practice, and that the applicant is familiar with this part, particularly §§ 575.601 and 575.602, and will make the executory contract and other documents related to the purchase of Iraqi-origin petroleum or petroleum products available to the Office of Foreign Assets Control in accordance with the requirements of this part; and

(6) Written certification that the applicant understands that issuance of a license pursuant to this section does not authorize a licensee to provide goods, services, or compensation of any kind to the Government of Iraq other than that specifically provided in contracts entered into by the applicant and the Government of Iraq and submitted to and approved by the 661 Committee or its designee.

(c) Applications for specific licenses pursuant to this section shall be submitted to the Licensing Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220.

(d) Contracts may be performed only as specifically authorized pursuant to this section unless additional authorization is granted or obtained pursuant to this part for any amendment or modification.

(e) This section does not authorize any transfer of funds or other financial or economic resources to or for the benefit of the Government of Iraq or a person in Iraq except transfers to the 986 Escrow Account.

(f) Attention is drawn to § 575.418 regarding authorization for transactions ordinarily incident to a licensed transaction.

[61 FR 65313, Dec. 11, 1996]

**§ 575.524 Exportation of pipeline parts and equipment.**

(a) Specific licenses may be issued to U.S. persons on a case-by-case basis to permit the sale and exportation to Iraq of pipeline parts and equipment essential for the safe operation of the Kirkuk-Yumurtalik pipeline system in Iraq, in accordance with the provisions of UNSC Resolution 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee.

(b) Applications for specific licenses pursuant to this section shall be made in advance of the proposed sale and exportation, and provide the following information:

(1) Identification of the applicant, including:

(i) Applicant's full legal name;

(ii) Applicant's mailing and street addresses;

(iii) The name of the individual(s) responsible for the application and related commercial transactions and the individual's telephone and facsimile numbers; and

(iv) If the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business;

(2) The name and address of all parties involved in the transactions and their role, including financial institutions and any Iraqi broker, purchasing agent, or other participant in the purchase of the pipeline parts or equipment;

(3) The nature, quantity, value and intended use of the pipeline parts and equipment;

(4) The intended point(s) of entry into Iraq, proposed dates of entry and delivery, and the final destination in Iraq of the pipeline parts and equipment;

(5) A copy of the concluded contract with the Government of Iraq and other relevant documentation, all of which must comply with the provisions of UNSC Resolution 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee; and

(6) A statement that the applicant is familiar with the requirements of the

above-referenced documents, particularly Memorandum of Understanding paragraph 24 and Guidelines paragraphs 35 and 45, and will conform the letter of credit and related financing documents to their terms.

(c) Applications for specific licenses pursuant to this section shall be submitted to the Licensing Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220.

(d) Attention is drawn to § 575.418 regarding authorization for transactions ordinarily incident to a transaction licensed by OFAC. Transactions of a U.S. person that are incidental to a third-country national's activities pursuant to UNSC Resolution 986 require specific OFAC licensing. Licensing requirements for the reexportation of goods subject to U.S. jurisdiction are addressed in § 575.205.

(e) Contracts may be performed only pursuant to the terms submitted to OFAC when specifically authorized pursuant to this section unless additional authorization is granted or obtained pursuant to this part for any amendment or modification of such contracts.

(f) Payment for goods exported pursuant to this section may be obtained only from the 986 Escrow Account, and must conform to the requirements of UNSC Resolution 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee.

(g) Attention is drawn to § 575.101 regarding compliance with other applicable laws and regulations. No license or authorization contained in or issued pursuant to this part shall be deemed to authorize the exportation, reexportation or retransfer of goods, technology, or services that are subject to unmet export license application requirements of another agency of the United States Government.

[61 FR 65314, Dec. 11, 1996]

**§ 575.525 Exportation of humanitarian aid.**

(a) Specific licenses may be issued to U.S. persons on a case-by-case basis to permit the sale and exportation to Iraq

of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs of the Iraqi population ("Humanitarian Aid"), in accordance with the provisions of UNSC Resolution 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee.

(b) Applications for specific licenses pursuant to this section shall be made in advance of the proposed sale and exportation, and provide the following information:

(1) Identification of the applicant, including:

(i) Applicant's full legal name;

(ii) Applicant's mailing and street addresses;

(iii) The name of the individual(s) responsible for the application and related commercial transactions and the individual's telephone and facsimile numbers; and

(iv) If the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business.

(2) The name and address of all parties involved in the transactions and their role, including financial institutions and any Iraqi broker, purchasing agent, or other participant in the purchase of the Humanitarian Aid;

(3) The nature, quantity, value and the intended use of the Humanitarian Aid;

(4) The intended point(s) of entry into Iraq, proposed dates of entry and delivery, and the final destination in Iraq of the Humanitarian Aid;

(5) A copy of the concluded contract with the Government of Iraq or the United Nations Inter-Agency Humanitarian Programme and other relevant documentation, all of which must comply with the provisions of UNSC Resolution 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee; and

(6) A statement that the applicant is familiar with the requirements of UNSC Resolution 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee, particularly Memorandum of Understanding paragraph 24 and

## § 575.526

Guidelines paragraphs 35 and 45, and will conform the letter of credit and related financing documents to their terms.

(c) Applications for specific licenses pursuant to this section shall be submitted to the Licensing Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW.—Annex, Washington, DC 20220.

(d) Attention is drawn to § 575.418 regarding authorization for transactions ordinarily incident to a transaction licensed by OFAC. Transactions of a U.S. person that are incidental to a third-country national's activities pursuant to UNSC Resolution 986 require specific OFAC licensing. Licensing requirements for the reexportation of goods subject to U.S. jurisdiction are addressed in § 575.205.

(e) Contracts may be performed only pursuant to the terms submitted to OFAC when specifically authorized pursuant to this section unless additional authorization is granted or obtained pursuant to this part for any amendment or modification of such contracts.

(f) Payment for goods exported pursuant to this section may be obtained only from the 986 Escrow Account and must conform to the requirements of UNSC Resolution 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee.

(g) Attention is drawn to § 575.101 regarding compliance with other applicable laws and regulations. No license or authorization contained in or issued pursuant to this part shall be deemed to authorize the exportation, reexportation or retransfer of goods, technology, or services that are subject to unmet export license application requirements of another agency of the United States Government.

[61 FR 65314, Dec. 11, 1996]

### **§ 575.526 Dealings in and importation of certain Iraqi-origin petroleum and petroleum products authorized.**

(a) United States persons are authorized to deal in, and to import into the United States, Iraqi-origin petroleum and petroleum products, the purchase

## 31 CFR Ch. V (7–1–02 Edition)

and exportation from Iraq of which have been authorized by the 661 Committee or its designee and, if otherwise required pursuant to this part, by the Office of Foreign Assets Control.

(b) This section does not authorize any transfer of funds or other financial or economic resources to or for the benefit of the Government of Iraq or a person in Iraq except transfers to the 986 Escrow Account.

(c) Attention is drawn to § 575.418 regarding authorization for transactions ordinarily incident to a licensed transaction.

[61 FR 65315, Dec. 11, 1996]

### **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 580E of the Iraq Sanctions Act of 1990 (Public Law 101–513, 104 Stat. 2049), as adjusted 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) 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.

(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]

#### § 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 penalty. 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**

**§ 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 amend-

**31 CFR Ch. V (7-1-02 Edition)**

ments, 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 subpart D of part 501 of this chapter.

[62 FR 45109, Aug. 25, 1997]

**§ 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.
- 585.218 Trade in United Nations Protected Areas of Croatia and those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces.

**Subpart C—General Definitions**

- 585.301 Effective date.
- 585.302 Blocked account; blocked property.
- 585.303 Interest.
- 585.304 Property; property interest.
- 585.305 Transfer.
- 585.306 License.
- 585.307 General license.
- 585.308 Specific license.
- 585.309 Person.
- 585.310 Entity.
- 585.311 Government of the FRY (S&M).
- 585.312 Government of the Socialist Federal Republic of Yugoslavia.
- 585.313 Federal Republic of Yugoslavia (Serbia and Montenegro); FRY (S&M).
- 585.314 Goods and services originating in the FRY (S&M).

- 585.315 Person in the FRY (S&M).
- 585.316 United States.
- 585.317 United States person; U.S. person.
- 585.318 U.S. financial institution.
- 585.319 UNSC Resolution 757.

**Subpart D—Interpretations**

- 585.401 Reference to amended sections.
- 585.402 Effect of amendment.
- 585.403 Termination and acquisition of an interest in blocked property.
- 585.404 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.
- 585.405 Acquisition of instruments including bankers acceptances.
- 585.406 Extensions of credits or loans.
- 585.407 Payments in connection with certain authorized transactions.
- 585.408 Offshore transactions.
- 585.409 Transshipments through the United States prohibited.
- 585.410 Imports from third countries of goods originating in the FRY (S&M); transshipments.
- 585.411 Exports to third countries; transshipments.
- 585.412 Release of goods originating in the FRY (S&M) from a bonded warehouse or foreign trade zone.
- 585.413 Imports of goods originating in the FRY (S&M), and purchases of goods from the FRY (S&M).
- 585.414 Services performed in the Federal Republic of Yugoslavia (Serbia and Montenegro) or by the Government of the FRY (S&M).
- 585.415 Setoffs prohibited.
- 585.416 Exportation of services; performance of service contracts; legal services.
- 585.417 Transactions incidental to a licensed transaction.
- 585.418 Vessels of the Federal Republic of Yugoslavia (Serbia and Montenegro).
- 585.419 Effect of E.O. 12846 on outstanding licenses and authorizations.
- 585.420 Prohibited transfer of funds involving those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces.

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

- 585.501 Effect of license or authorization.
- 585.502 Exclusion from licenses and authorizations.
- 585.503 Payments and transfers to blocked accounts in U.S. financial institutions.
- 585.504 Investment and reinvestment of certain funds.
- 585.505 Completion of certain transactions related to bankers acceptances authorized.
- 585.506 Payments of obligations to persons within the United States authorized.

## § 585.101

- 585.507 Certain exportations to the FRY (S&M) authorized.
- 585.508 Importation of household and personal effects from the FRY (S&M) authorized.
- 585.509 Trading in certain pre-sanctions obligations of debtors in the Republics of Slovenia, Croatia, Bosnia-Herzegovina, and Macedonia authorized.
- 585.510 Payments and transfers authorized for goods and services exported to the FRY (S&M) prior to the effective date.
- 585.511 Extensions or renewals of letters of credit authorized.
- 585.512 Transactions relating to travel to or within the FRY (S&M).
- 585.513 Transactions related to telecommunications authorized.
- 585.514 Transactions related to mail authorized.
- 585.515 Certain transactions related to patents, trademarks and copyrights authorized.
- 585.516 Procedures established for export transactions initiated prior to the effective date.
- 585.517 Exportation of certain legal services to the Government of, or persons in, the FRY (S&M).
- 585.518 Certain standby letters of credit and performance bonds.
- 585.519 Certain imports for diplomatic or official personnel authorized.
- 585.520 Entries in certain accounts for normal service charges authorized.
- 585.521 Donations of food to relieve human suffering authorized.
- 585.522 Donations of medical supplies authorized.
- 585.523 Certain transactions for the benefit of individuals in the FRY (S&M) authorized.
- 585.524 Humanitarian aid and trade in United Nations Protected Areas of Croatia and those areas of the Republic of Bosnia and Herzegovina controlled by Bosnian Serb forces.
- 585.525 Authorization of certain new transactions with respect to the FRY (S&M).
- 585.526 Authorization for release of certain blocked transfers by U.S. financial institutions.
- 585.527 Authorization of certain new transactions with respect to the Bosnian Serbs.
- 585.528 Unblocking of certain vessels and accounts.

### Subpart F—Reports

- 585.601 Records and reports.

### Subpart G—Penalties

- 585.701 Penalties.
- 585.702 Prepenalty notice.

## 31 CFR Ch. V (7–1–02 Edition)

- 585.703 Presentation responding to prepenalty notice.
- 585.704 Penalty notice.
- 585.705 Referral to United States Department of Justice.

### Subpart H—Procedures

- 585.801 Procedures.
- 585.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

- 585.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 22 U.S.C. 287c; 31 U.S.C. 321(b); 49 U.S.C. 40106; 50 U.S.C. 1601–1651, 1701–1706; Pub.L. 101–410, 104 Stat 890 (28 U.S.C. 2461 note); E.O. 12808, 57 FR 23299, 3 CFR, 1992 Comp., p. 305; E.O. 12810, 57 FR 24347, 3 CFR, 1992 Comp., p. 307; E.O. 12831, 58 FR 5253, 3 CFR, 1993 Comp., p. 576; E.O. 12846, 58 FR 25771, 3 CFR, 1993 Comp., p. 599; E.O. 12934, 59 FR 54117, 3 CFR, 1994 Comp., p. 930.

SOURCE: 58 FR 13201, Mar. 10, 1993, unless otherwise noted.

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

#### § 585.101 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. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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 complying with any other applicable laws or regulations.

[58 FR 13201, Mar. 10, 1993, as amended at 62 FR 45110, Aug. 25, 1997]

**Subpart B—Prohibitions****§ 585.201 Prohibited transactions involving blocked property; transactions with respect to securities.**

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted before 11:59 p.m. Eastern Daylight Time (“EDT”), May 30, 1992, no property or interest in property of the Government of the FRY (S&M), or that is held in the name of the Federal Republic of Yugoslavia or the former Government of the Socialist Federal Republic of Yugoslavia, that is in the United States, that hereafter comes within the United States, or that is or hereafter comes within the possession or control of U.S. persons, including their overseas branches, may be transferred, paid, exported, withdrawn or otherwise dealt in.

(b) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted before 12:01 a.m. EDT, April 26, 1993, no property or interest in property of any commercial, industrial, or public utility undertakings or entities organized or located in the Federal Republic of Yugoslavia (Serbia and Montenegro), including, without limitation, the property and all interests in property of entities (wherever organized or located) owned or controlled by such undertakings or entities, 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 United States persons, including their overseas branches, may be transferred, paid, exported, withdrawn or otherwise dealt in.

(c) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted before 11:59 p.m. EDT, October 25, 1994, no

property or interest in property of the following persons that is in the United States, that hereafter comes within the United States, or that is or hereafter comes within the possession or control of United States persons, including their overseas branches, may be transferred, paid, exported, withdrawn, or otherwise dealt in:

(1) The Bosnian Serb military and paramilitary forces and the authorities in those areas of the Republic of Bosnia and Herzegovina under the control of those forces;

(2) Any entity, including any commercial, industrial, or public utility undertaking, organized or located in those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces;

(3) Any entity, wherever organized or located, which is owned or controlled directly or indirectly by any person in, or resident in, those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; and

(4) Any person acting for or on behalf of any person included within the scope of paragraphs (c)(1), (2), or (3) of this section.

NOTE TO § 585.201(c): Please refer to the appendices at the end of this chapter for listings of persons designated pursuant to this section. 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.

(d) 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 the Federal Republic of Yugoslavia or the former Government of the Socialist Federal Republic of Yugoslavia 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

**§ 585.202**

**31 CFR Ch. V (7-1-02 Edition)**

otherwise disposed of any such security.

(e) 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.

[58 FR 13201, Mar. 10, 1993, as amended at 58 FR 35828, July 1, 1993; 60 FR 34145, June 30, 1995; 61 FR 32938, June 26, 1996; 62 FR 45110, Aug. 25, 1997]

**§ 585.202 Effect of transfers violating the provisions of this part.**

(a) Any transfer after the effective date specified in § 585.301 which is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, license, or other authorization hereunder and involves any property or interest in property blocked pursuant to § 585.201 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 or property interests.

(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 or interest in property blocked pursuant to § 585.201, 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 regulation, order, directive, ruling, instruction, or license issued hereunder.

(d) Transfers of property which otherwise would be null and void or unen-

forceable 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, judgement, decree, lien, execution, garnishment, or other judicial process is

null and void with respect to any property or interest in property blocked pursuant to § 585.201.

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34145, June 30, 1995]

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

(a)(1) Any person, including a U.S. financial institution, currently holding property subject to § 585.201, which, as of July 15, 1992, or the date of receipt if subsequent to July 15, 1992, is not being held in an interest-bearing account or otherwise invested in a manner authorized by the Office of Foreign Assets Control, shall 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 July 15, 1992, or the date of receipt if subsequent to July 15, 1992, unless otherwise authorized or directed by the Office of Foreign Assets Control.

(2) The requirement set forth in paragraph (a)(1) of this section shall apply to currency, bank deposits, accounts, obligations, and any other financial or economic resources or 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 person(s) having an interest in the accounts. If the account is held in the name of the Government of the Federal Republic of Yugoslavia or the former Government of the Socialist Federal Republic of Yugoslavia, the name of the account to which interest is credited must be the same.

(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, *i.e.*, a rate similar to that currently offered other depositors on deposits of comparable size and maturity. Overnight investment of blocked funds is authorized, provided that the funds remain within the possession and control of the U.S. person holding the funds

and that the funds remain in a blocked status at all times. Except as otherwise authorized, the funds may not be re-invested or held in instruments the maturity of which exceeds 90 days.

(c) U.S. financial institutions receiving instructions to execute a payment or transfer of funds they hold in which a person has an interest whose property or interests in property are blocked pursuant to § 585.201, shall block the funds and provide written notification to the Compliance Programs Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Ave., NW.-2131 Annex, Washington, DC 20220, within 10 business days from the value date of the payment or transfer. The notification shall include a photocopy of the payment or transfer instructions received, shall confirm that the payment or transfer has been deposited into an existing or newly-established blocked account, and shall provide the account number, the name of the account, the location of the account, the name and address of the transferor and transferee financial instructions, the date of the deposit and the amount of the payment or transfer.

(d) 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.

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34145, June 30, 1995]

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

Except as otherwise authorized, no goods originating in, or services performed in, the FRY (S&M), exported from the FRY (S&M) after May 30, 1992, 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.

## § 585.205

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

Except as otherwise authorized, no goods, technology (including technical data or other information controlled for export pursuant to the Export Administration Regulations, 15 CFR parts 768-799), or services, either (a) from the United States, (b) requiring the issuance of a license by a Federal agency, or (c) involving the use of U.S.-registered vessels or aircraft, may be exported, directly or indirectly, to the FRY (S&M), or to any entity operated from the FRY (S&M), or owned or controlled by the Government of the FRY (S&M), nor may any U.S. person engage in any activity that promotes or is intended to promote such exportation.

### **§ 585.206 Prohibited dealing in property.**

Except as otherwise authorized, no U.S. person may deal in:

- (a) Property originating in the FRY (S&M) and exported from the FRY (S&M) after May 30, 1992, or
- (b) Property intended for exportation from the FRY (S&M) to any country, or for exportation to the FRY (S&M) from any country, or
- (c) Property being transshipped through the FRY (S&M), or in any activity of any kind that promotes or is intended to promote such dealing.

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

Except as otherwise authorized, the following are prohibited:

- (a) Any transaction by a U.S. person, or involving the use of U.S. registered vessels and aircraft, relating to transportation to or from the FRY (S&M);
- (b) The provision of transportation to or from the United States by:
  - (1) Any person in the FRY (S&M) or
  - (2) Any vessel or aircraft registered in the FRY (S&M), or
  - (3) Any vessel in which a majority or controlling interest is held by a person or entity in or operating from the FRY (S&M), regardless of registry; or
- (c) The sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amend-

## 31 CFR Ch. V (7-1-02 Edition)

ed (49 U.S.C. 1301 *et seq.*) of any transportation by air that includes any stop in the FRY (S&M).

(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,

(i) Any sea or air transportation the destination of which is the FRY (S&M), or which is intended to make a stop in the FRY (S&M), or

(ii) Any vessel in which a majority or controlling interest is held by a person or entity in or operating from the FRY (S&M).

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

Except as otherwise authorized, no aircraft, regardless of registry, may take off from, land in, or overfly the United States, if the aircraft, as part of the same flight or as a continuation of that flight, is destined to land in or has taken off from the territory of the FRY (S&M). See also: Special Federal Aviation Regulation (SFAR) No. 66, 14 CFR part 91.

### **§ 585.209 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 the FRY (S&M).

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

Except as otherwise authorized, no U.S. person may commit or transfer, directly or indirectly, funds or other financial or economic resources 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.**

Except as otherwise authorized, transactions in the United States or by a U.S. person related to participation in sporting events in the United States

by persons or groups representing the FRY (S&M) are prohibited.

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

Except as otherwise authorized, transactions in the United States or by a U.S. person related to scientific and technical cooperation and cultural exchanges involving persons or groups officially sponsored by or representing the FRY (S&M), or related to visits to the United States by such persons or groups other than as authorized for the purpose of participation at the United Nations, are prohibited.

**§ 585.213 Exemption of activities related to certain international organizations.**

Any activities related to the United Nations Protection Force (UNPROFOR), the Conference on Yugoslavia, or the European Community Monitor Mission are exempt from the prohibitions and regulations of this part.

**§ 585.214 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.

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

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted before 12:01 a.m. EDT, April 26, 1993, all vessels, freight vehicles, rolling stock, aircraft and cargo that are in or hereafter come within the United States and are not subject to blocking pursuant to § 585.201, but which are suspected of a

violation of United Nations Security Council Resolutions No. 713 (1991), 757 (1992), 787 (1992) or 820 (1993):

(1) Shall be detained, pending investigation; and,

(2) Upon a determination by the Director, Office of Foreign Assets Control, that they have been in violation of any of these resolutions, may not be transferred, moved, exported, withdrawn, or otherwise dealt in.

(b) Conveyances and cargoes blocked pursuant to paragraph (a) of this section may be liquidated as provided in § 585.216.

[58 FR 35829, July 1, 1993]

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

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted before 12:01 a.m. EDT, April 26, 1993, all expenses incident to the blocking and maintenance of property blocked pursuant to § 585.201 or § 585.215(a) shall be charged to the owners or operators of such property, which expenses shall not be met from blocked funds.

(b) Property blocked pursuant to § 585.201 or § 585.215 may, in the discretion of the Director, Office of Foreign Assets Control, be sold or liquidated and the net proceeds shall be placed in a blocked interest-bearing account in the name of the owner of the property.

[58 FR 35829, July 1, 1993]

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

Except as otherwise authorized by the Director of the Office of Foreign Assets Control pursuant to this part, no vessel registered in the United States or owned or controlled by U.S. persons, other than a United States naval vessel, may enter:

(a) The territorial waters of the FRY (S&M); or

(b) The riverine ports of those areas of the Republic of Bosnia and

## § 585.218

Herzegovina under the control of Bosnian Serb forces.

[60 FR 34145, June 30, 1995]

### § 585.218 Trade in United Nations Protected Areas of Croatia and those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces.

The following are prohibited, except as otherwise authorized by the Director of the Office of Foreign Assets Control pursuant to this part:

(a) Any dealing by a United States person relating to the importation from, exportation to, or transshipment of goods through the United Nations Protected Areas in the Republic of Croatia and those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces, or activity of any kind that promotes or is intended to promote such dealing (see § 585.524); and

(b) The provision or exportation of services to those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces, or to any person for the purpose of any business carried on in those areas, either from the United States or by a United States person.

[60 FR 34145, June 30, 1995]

## Subpart C—General Definitions

### § 585.301 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in subpart B as follows:

(a) With respect to §§ 585.201 (a) and (d), 585.202, and 585.214, 11:59 p.m. EDT, May 30, 1992;

(b) With respect to §§ 585.204, 585.205, 585.206, 585.207, 585.208, 585.209, 585.210, 585.211, 585.212, and 585.213, 12:20 p.m. EDT, June 5, 1992, except as provided in paragraph (d) of this section;

(c) With respect to § 585.203, July 15, 1992;

(d) With respect to § 585.206(c) and § 585.207(b)(3), January 15, 1993;

(e) With respect to §§ 585.201(b), 585.215, 585.216, 585.217(a), and 585.218(a), 12:01 a.m. EDT, April 26, 1993; and

## 31 CFR Ch. V (7–1–02 Edition)

(f) With respect to §§ 585.201(c), 585.217(b), and 585.218(b), 11:59 p.m. EDT, October 25, 1994.

[58 FR 13201, Mar. 10, 1993, as amended at 58 FR 35829, July 1, 1993; 60 FR 34146, June 30, 1995]

### § 585.302 Blocked account; blocked property.

The terms *blocked account* and *blocked property* shall mean any account and any property or interest in property blocked pursuant to § 585.201 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 the Office of Foreign Assets Control authorizing such action.

[60 FR 34146, June 30, 1995]

### § 585.303 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.

### § 585.304 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, guarantees, 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.

**§ 585.305 Transfer.**

The term *transfer* means any actual or purported act of 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, including funds, 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 making of any payment; the setting off of any obligation or credit; 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 decree 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.

**§ 585.306 License.**

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

**§ 585.307 General license.**

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

**§ 585.308 Specific license.**

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

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

**§ 585.309 Person.**

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

**§ 585.310 Entity.**

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

**§ 585.311 Government of the FRY (S&M).**

The term *Government of the FRY (S&M)* includes:

(a) The state and the Government of the FRY (S&M), the Government of Serbia, and the Government of Montenegro, including any subdivisions thereof or local governments therein, their respective agencies or instrumentalities, including the National Bank of Yugoslavia, the Yugoslav National Army, the Yugoslav Chamber of Economy, the National Bank of Serbia, the Serbian Chamber of Economy, the National Bank of Montenegro, and the Montenegrin Chamber of Economy;

(b) Any entity owned or controlled by the foregoing. For purposes of the prohibitions of this part, all entities located in or organized under the laws of any jurisdiction within the FRY (S&M) are presumed to be controlled by the Government of the FRY (S&M), unless proven otherwise;

(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 person or organization determined by the Director of the Office of Foreign Assets Control to be included within this section, or owned or controlled by such a person or organization.

NOTE TO § 585.311: Please refer to the appendices at the end of this chapter for listings of persons designated pursuant to this part, and pursuant to § 585.201(c) with respect to the Bosnian Serbs. Section 501.807 of this chapter sets forth the procedures to be followed by persons seeking administrative reconsideration of their designation, or who

## § 585.312

wish to assert that the circumstances resulting in the designation are no longer applicable.

[58 FR 13201, Mar. 10, 1993, as amended at 61 FR 32938, June 26, 1996; 62 FR 45110, Aug. 25, 1997]

### § 585.312 Government of the Socialist Federal Republic of Yugoslavia.

The term *Government of the Socialist Federal Republic of Yugoslavia* is used in this part only in reference to property held in the name of the former Government of the Socialist Federal Republic of Yugoslavia. Property and property interests held solely in the name of the Government of Slovenia, Croatia, Bosnia-Herzegovina or Macedonia, or in the name of any political subdivision, agency, or instrumentality thereof, do not constitute property held in the name of the former Government of the Socialist Federal Republic of Yugoslavia.

### § 585.313 Federal Republic of Yugoslavia (Serbia and Montenegro); FRY (S&M).

The term *Federal Republic of Yugoslavia (Serbia and Montenegro)* or *FRY (S&M)* means the territory of Serbia and Montenegro.

### § 585.314 Goods and services originating in the FRY (S&M).

The term *goods or services originating in the FRY (S&M)* includes:

(a) Goods produced, manufactured, grown, or processed within the FRY (S&M);

(b) Goods which have entered into the commerce of the FRY (S&M);

(c) Services performed in the FRY (S&M), or by a national thereof, wherever located, who is acting as an agent, employee, or contractor of the Government of the FRY (S&M) or of a business entity located in the FRY (S&M). Such services are not considered imported into the United States when such services are provided in the United States by a national of the FRY (S&M) employed in the United States who is not acting on behalf of the Government of the FRY (S&M).

### § 585.315 Person in the FRY (S&M).

The term *person in the FRY (S&M)* includes any individual, partnership, as-

## 31 CFR Ch. V (7-1-02 Edition)

sociation, corporation, or other organization or entity located in or organized under the laws of any jurisdiction in the FRY (S&M).

### § 585.316 United States.

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

### § 585.317 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, and vessels and aircraft of U.S. registration.

### § 585.318 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.

### § 585.319 UNSC Resolution 757.

The term *UNSC Resolution 757* means United Nations Security Council Resolution No. 757, adopted May 30, 1992, prohibiting certain transactions with respect to the FRY (S&M).

**Subpart D—Interpretations****§ 585.401 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.

**§ 585.402 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.

**§ 585.403 Termination and acquisition of an interest in blocked property.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) from a person whose property or property interests are blocked pursuant to § 585.201, such property shall no longer be deemed to be property blocked pursuant to § 585.201, unless there exists in the property another interest that is blocked pursuant to § 585.201 or any other part of this chapter, 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 a person whose property or property interests are blocked pursuant to § 585.201, such property shall be deemed to be property in which that

person has an interest and therefore blocked.

[60 FR 34146, June 30, 1995]

**§ 585.404 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.

**§ 585.405 Acquisition of instruments including bankers acceptances.**

No U.S. person may acquire or deal in any obligation, including bankers acceptances and debt of or guaranteed by the a person whose property or interests in property are blocked pursuant to § 585.201, where the documents evidencing the obligation indicate, or the U.S. person has actual knowledge, that the underlying transaction is in violation of § 585.201, §§ 585.204–585.212, and §§ 585.217–585.218. This interpretation does not apply to obligations arising from an underlying transaction licensed or otherwise authorized pursuant to this part.

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34146, June 30, 1995]

**§ 585.406 Extensions of credits or loans.**

(a) The prohibition in § 585.210 applies to the unlicensed renewal of credits or loans held in the name of a person whose property or interests in property are blocked pursuant to § 585.201 that were in existence on the effective date, whether by affirmative action or operation of law.

(b) The prohibition in § 585.210 applies to credits or loans extended in any currency.

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34146, June 30, 1995]

**§ 585.407 Payments in connection with certain authorized transactions.**

Except as otherwise specified, payments are authorized in connection with transactions authorized in or pursuant to subpart E.

## § 585.408

### § 585.408 Offshore transactions.

(a) The prohibitions contained in §§ 585.201 and 585.206 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 a person whose property or interests in property are blocked pursuant to § 585.201 has or has had an interest since the effective date specified in § 585.301, or that such property is held in the name of a person whose property or interests in property are blocked pursuant to § 585.201.

(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 originating in the FRY (S&M).

(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, shoes made in the FRY (S&M).

(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 operated from the FRY (S&M) or owned or controlled by the Government of the FRY (S&M).

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34146, June 30, 1995]

### § 585.409 Transshipments through the United States prohibited.

(a) The prohibitions in § 585.205 apply to the importation into the United States, for transshipment or transit, of goods which are intended or destined for the FRY (S&M), or an entity operated from the FRY (S&M), or to the Government of the FRY (S&M) in any country.

(b) The prohibitions in § 585.204 apply to the importation into the United States, for transshipment or transit, of goods originating in the FRY (S&M) which are intended or destined for third countries.

(c) Goods in which the Government of the FRY (S&M) has an interest that are imported into or transshipped

## 31 CFR Ch. V (7-1-02 Edition)

through the United States are blocked pursuant to § 585.201.

### § 585.410 Imports from third countries of goods originating in the FRY (S&M); transshipments.

Importation into the United States from third countries of goods containing raw materials or components originating in the FRY (S&M) is prohibited. In light of the universal prohibition in UNSC Resolution 757 on the importation of goods exported from the FRY (S&M) after May 30, 1992, substantial transformation or incorporation of such goods in a third country does not exempt the third-country products from the prohibitions contained in this part.

### § 585.411 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 reexportation or transshipment to the FRY (S&M), 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 the FRY (S&M), is being specifically manufactured to fill an order from the FRY (S&M), or if the manufacturer's sales of the particular product are predominantly to the FRY (S&M).

### § 585.412 Release of goods originating in the FRY (S&M) from a bonded warehouse or foreign trade zone.

Section 585.204 does not prohibit the release from a bonded warehouse or foreign trade zone of goods originating in the FRY (S&M) 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: property blocked pursuant to § 585.201 may not be released unless authorized or licensed by the Office of Foreign Assets Control.)

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34146, June 30, 1995]

**§ 585.413 Imports of goods originating in the FRY (S&M), and purchases of goods from the FRY (S&M).**

Goods originating in the FRY (S&M) imported into the United States pursuant to an authorization or license are not blocked by the provisions of § 585.201. However, any payment in connection with such importation is subject to the prohibitions contained in §§ 585.201 and 585.210.

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34146, June 30, 1995]

**§ 585.414 Services performed in the Federal Republic of Yugoslavia (Serbia and Montenegro) or by the Government of the FRY (S&M).**

Services performed in the FRY (S&M), or by the Government of the FRY (S&M), as defined in § 585.312, are imported into the United States when the benefit of such services is received in the United States. Services performed in the FRY (S&M) or by the Government of the FRY (S&M) for the benefit of a U.S. person outside the United States are prohibited pursuant to §§ 585.201 and 585.206. Services provided in the United States by a national of the FRY (S&M) resident in the United States and not acting on behalf of the Government of the FRY (S&M) are not imported into the United States.

**§ 585.415 Setoffs prohibited.**

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 585.201 if effected after May 30, 1992.

**§ 585.416 Exportation of services; performance of service contracts; legal services.**

(a) The prohibition on the exportation of services contained in § 585.205 applies to services performed:

- (1) In the United States;
- (2) Outside the United States by an entity located in the United States, including its overseas branches; or
- (3) Outside the United States by an individual U.S. person ordinarily resident in the United States; on behalf of the Government of the FRY (S&M), or where the benefit of such services is otherwise received in the FRY (S&M).

The benefit of services performed anywhere in the world on behalf of the Government of the FRY (S&M), including services performed for a controlled entity or specially designated national of the Government of the FRY (S&M), is presumed to be received in the FRY (S&M).

(b) The prohibitions contained in §§ 585.201 and 585.209 apply to services performed by U.S. persons, wherever located:

- (1) On behalf of the Government of the FRY (S&M);
- (2) With respect to property interests of the Government of the FRY (S&M); or
- (3) In support of an industrial or other commercial or governmental project in the FRY (S&M).

(c) *Example:* U.S. persons may not, without specific authorization from the Office of Foreign Assets Control, represent an individual or entity with respect to contract negotiations, contract performance, commercial arbitration, or other business dealings with the Government of the FRY (S&M). See § 585.517 on licensing policy with regard to the provision of certain legal services.

**§ 585.417 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 an exportation of goods to the FRY (S&M) also authorizes all activities by other parties required to complete the sale, including transactions by the buyer, brokers, transfer agents, banks, etc.

**§ 585.418 Vessels of the Federal Republic of Yugoslavia (Serbia and Montenegro).**

Any vessel in which a majority or controlling interest is held by a person or entity in, or operating from the FRY (S&M) shall be considered as a vessel of the FRY (S&M) regardless of the flag under which the vessel sails.

[58 FR 35829, July 1, 1993]

## § 585.419

### § 585.419 Effect of E.O. 12846 on outstanding licenses and authorizations.

Executive Order 12846 does not affect the provisions of licenses and authorizations issued pursuant to Executive Order 12808, 12810 or 12831 or this part by the Office of Foreign Assets Control and in force as of 12:01 a.m. EDT, April 26, 1993, except as such licenses or authorizations are thereafter terminated, modified or suspended by the Director, Office of Foreign Assets Control.

[58 FR 35829, July 1, 1993]

### § 585.420 Prohibited transfer of funds involving those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces.

Sections 585.201(c) and 585.218(b) prohibit U.S. financial institutions from committing or transferring, directly or indirectly, funds or other financial or economic resources to or for the benefit of any person whose property or interests in property are blocked pursuant to § 585.201(c).

[60 FR 34146, June 30, 1995]

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

### § 585.501 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 regula-

## 31 CFR Ch. V (7–1–02 Edition)

tion, 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.

### § 585.502 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.

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

(a) Any payment of funds or transfer of credit or other financial or economic resources or assets into a blocked account in a U.S. financial institution is authorized, provided that a transfer from a blocked account pursuant to this authorization may only be made to another blocked account held in the same name on the books of the same U.S. financial institution.

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

NOTE TO § 585.503: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[58 FR 13201, Mar. 10, 1993, as amended at 58 FR 47647, Sept. 10, 1993; 62 FR 45110, Aug. 25, 1997]

**§ 585.504 Investment and reinvestment of certain funds.**

U.S. financial institutions are hereby authorized to invest and reinvest assets blocked pursuant to § 585.201, subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or subaccount which is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but in no case may funds be transferred outside the United States for this purpose; and

(b) The proceeds of such investments and reinvestments are not credited to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (*e.g.*, through pledging or other use) to any person whose property or interests in property are blocked pursuant to § 585.201.

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34146, June 30, 1995]

**§ 585.505 Completion of certain transactions related to bankers acceptances authorized.**

(a) Persons other than those whose property or interests in property are blocked pursuant to § 585.201 are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, relating to a property interest blocked pursuant to § 585.201, as long as the bankers acceptances were created or the deferred payment undertakings were incurred prior to the effective date.

(b) Persons other than those whose property or interests in property are blocked pursuant to § 585.201 are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, relating to the importation or exportation of goods to or from the FRY (S&M) that do not involve a property interest blocked pursuant to § 585.201, as long as the bankers acceptances or the deferred

payment undertakings were accepted prior to the effective date.

(c) Nothing in this section shall authorize or permit a debit to a blocked account. Specific licenses for the debiting of a blocked account may be issued on a case-by-case basis.

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34146, June 30, 1995]

**§ 585.506 Payments of obligations to persons within the United States authorized.**

(a) The transfer of funds after the effective date by, through, or to any U.S. financial institution or other U.S. person not blocked pursuant to this chapter solely for the purpose of payment of obligations of a person whose property or interests in property are blocked pursuant to § 585.201 to persons or accounts within the United States is authorized, provided that the obligation arose prior to the effective date, and the payment requires no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

(b) A person receiving payment under this section may distribute all or part of that payment to any person, provided that any such payment to a person whose property or interests in property are blocked pursuant to § 585.201 must be to a blocked account in U.S. financial institution.

(c) The authorization in this section is subject to the condition that written notification from the U.S. financial institution or U.S. person transferring or receiving funds is furnished to the Blocked Assets Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Ave., NW.—Annex, Washington, DC 20220, within 10 business days from the date of transfer or receipt. The notification shall provide the account number, name and address of the transferor and/or transferee U.S. financial institution or person, and the account number, name and address of the person into whose account payment is made.

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34147, June 30, 1995]

**§ 585.507 Certain exportations to the FRY (S&M) authorized.**

(a) All transactions ordinarily incident to the exportation of any item, commodity, or product from the United States to or destined for the FRY (S&M) are authorized if:

(1) Such exports would ordinarily be authorized under one of the following regulations administered by the Department of Commerce: 15 CFR 771.6—General license BAGGAGE (accompanied and unaccompanied baggage); 15 CFR 771.13—General license GUS (shipments to personnel and agencies of the U.S. Government); or,

(2) Such exports are for the official use of the United Nations, its personnel and agencies (excluding its relief or development agencies).

(b) All transactions related to exportation or reexportation not otherwise authorized in this part are prohibited unless licensed by the Office of Foreign Assets Control pursuant to the procedures described in § 585.801.

**§ 585.508 Importation of household and personal effects from the FRY (S&M) authorized.**

The importation of household and personal effects originating in the FRY (S&M), including baggage and articles for family use, of persons arriving in the United States directly or indirectly from the FRY (S&M) is authorized. Articles included in such effects may be imported without limitation provided they were actually used by such persons or their family members abroad, are not intended for any other person or for sale, and are not otherwise prohibited from importation.

**§ 585.509 Trading in certain pre-sanctions obligations of debtors in the Republics of Slovenia, Croatia, Bosnia-Herzegovina, and Macedonia authorized.**

(a) All transactions by U.S. persons involving secondary market trading in debt obligations, or portions thereof, as well as “Qualified Transactions” that result in the cancellation of Refinancing Loans, or portions thereof, originally incurred or transferred to banks (“Pre-sanctions Obligors”) organized and headquartered in the Republics of Slovenia, Croatia, Bosnia-

Herzegovina, and Macedonia, prior to the effective date, and rescheduled pursuant to the “New Financing Agreement” of September 20, 1988 (the “NFA”), are authorized, notwithstanding the joint and several liability undertaken by the National Bank of Yugoslavia and/or of banks located in the FRY (S&M), for repayment of such obligations.

(b) Nothing in this section shall authorize trading in debt obligations, or portions thereof, subject to the NFA for which the Pre-sanctions Obligor was the National Bank of Yugoslavia or an entity organized or headquartered in Serbia or Montenegro.

(c) No transfer of debt obligations, or portions thereof, for which the National Bank of Yugoslavia or a bank located in the FRY (S&M) has joint or several liability may be completed unless the transferee undertakes in writing that the debt obligations will not be further transferred to or for the benefit of the Government of the FRY (S&M), including the National Bank of Yugoslavia, or any person in the FRY (S&M), until permitted by U.S. law.

(d) A U.S. person involved in the transfer of any debt obligation for which the National Bank of Yugoslavia or an entity located in the FRY (S&M) has joint or several liability must file a report with the Blocked Assets Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Ave., NW.—Annex, Washington, DC 20220, within 10 days of the transfer, providing:

(1) The names and addresses of the transferor, transferee and the U.S. person involved if neither of the foregoing;

(2)(i) A copy of the “Refinancing Loan Notice” required pursuant to the NFA concerning the debt obligation transferred, and

(ii) If a Pre-sanctions Obligor located or headquartered in Serbia or Montenegro, including the National Bank of Yugoslavia, is included in a consortium of obligors identified in a “Refinancing Loan Notice” for the debt obligation transferred, a copy of the transferor’s confirmation(s) that each portion of the debt obligation transferred is that of a Pre-sanctions Obligor organized and headquartered in the Republic of



Slovenia, Croatia, Bosnia-Herzegovina, or Macedonia; and

(3) A certification that the transfer documents include the transferee's undertaking required in paragraph (c) of this section.

[58 FR 13201, Mar. 10, 1993, as amended at 58 FR 35829, July 1, 1993]

**§ 585.510 Payments and transfers authorized for goods and services exported to the FRY (S&M) prior to the effective date.**

(a) Specific licenses may be issued on a case-by-case basis to permit payment involving an irrevocable letter of credit issued or confirmed by a U.S. bank, or a letter of credit reimbursement confirmed by a U.S. bank, from a blocked account or otherwise, of amounts owed to or for the benefit of a person with respect to goods or services exported prior to May 30, 1992, directly or indirectly to the FRY (S&M), or to third countries for an entity operated from the FRY (S&M), or for the benefit of the Government of the FRY (S&M), where the license application presents evidence satisfactory to the Office of Foreign Assets Control that the exportation occurred prior to the effective date (such evidence may include, for example, the bill of lading, the air waybill, the purchaser's written confirmation of completed services, customs documents, and insurance documents).

(b) This section does not authorize exportation or the performance of services after the effective date pursuant to a contract entered into or partially performed prior to the effective date.

(c) Separate criteria may be applied to the issuance of licenses authorizing payment from an account of or held by a blocked U.S. bank owned or controlled by the Government of the FRY (S&M).

**§ 585.511 Extensions or renewals of letters of credit authorized.**

(a) The extension or renewal, at the request of the account party, of a letter of credit or a standby letter of credit issued or confirmed by a U.S. financial institution is authorized, provided no transfer of funds is made except to a blocked account.

(b) Transactions conducted pursuant to this section must be reported to the Blocked Assets Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Ave., NW.—Annex, Washington, DC 20220, within 10 days after completion of the transaction.

**§ 585.512 Transactions relating to travel to or within the FRY (S&M).**

(a) All transactions by U.S. persons related to nonbusiness travel to, from, and within the FRY (S&M) are authorized, including the booking of travel arrangements, the payment of living expenses, and the acquisition of goods for personal consumption within the FRY (S&M), provided that no such transactions may involve transportation by air into or out of the FRY (S&M).

(b) All transactions by U.S. persons related to travel to, from, and within, and to activities within, the FRY (S&M) for the conduct of the official business of the United States Government or the United Nations and journalistic activity by persons regularly employed in such capacity by a newsgathering organization, are authorized, provided that no such transactions may involve transportation by air into or out of the FRY (S&M).

(c) This section does not authorize U.S. persons to utilize charge cards, including, but not limited to, debit cards, credit cards or other credit facilities in the FRY (S&M) in connection with any transaction authorized by this section. This section also does not authorize payments to be sent into the FRY (S&M) from the United States or by a U.S. person located outside the FRY (S&M).

[58 FR 13201, Mar. 10, 1993, as amended at 60 FR 34147, June 30, 1995]

**§ 585.513 Transactions related to telecommunications authorized.**

(a) All transactions of U.S. common carriers with respect to the receipt and transmission of telecommunications involving the FRY (S&M) are authorized, provided any payment owed to the Government of the FRY (S&M) or to any other person in the FRY (S&M) is paid into a blocked account in a U.S. financial institution. This section does

**§ 585.514**

not authorize the exportation of equipment to upgrade telecommunications facilities.

(b) The term “telecommunications” shall mean telephone, telex and telegraph transmissions, and transmissions for the gathering or broadcast of news.

**§ 585.514 Transactions related to mail authorized.**

All transactions by U.S. persons, including payment and transfers to common carriers, incident to the receipt or transmission of mail between the United States and the FRY (S&M) are authorized. For purposes of this authorization, mail is limited to personal communications not involving a transfer of anything of value, and publications and other informational materials, subject to a maximum weight limitation of 12 ounces.

**§ 585.515 Certain transactions related to patents, trademarks and copyrights authorized.**

(a) All of the following transactions in connection with patent, trademark, copyright, or other intellectual property protection in the United States or the FRY (S&M) are authorized.

(1) The filing and prosecution of any application for a patent, trademark or copyright, or for the renewal thereof;

(2) The receipt of any patent, trademark or copyright; and

(3) The filing and prosecution of opposition or infringement proceedings with respect to any patent, trademark, or copyright, and the prosecution of a defense to any such proceeding.

(b) The payment of reasonable and customary fees currently due to the United States Government or to attorneys or representatives within the United States in connection with any transaction authorized by paragraphs (a) (1)–(3) of this section may be made from a blocked account held in the name of the entity in the FRY (S&M) holding the patent, trademark or copyright.

(c) The payment of fees currently due to the Government of the FRY (S&M) directly or through an attorney or representative, in connection with any of the transactions authorized by paragraphs (a) (1)–(3) of this section, or for the maintenance of any patent, trade-

**31 CFR Ch. V (7–1–02 Edition)**

mark, or copyright, must be made into a blocked account in a domestic U.S. financial institution in the name of the appropriate governmental entity. In addition, fees currently due to individual attorneys or representatives in the FRY (S&M) in connection with any of the transactions authorized by paragraphs (a) (1)–(3) of this section may not be transferred to the FRY (S&M), but may otherwise be transferred as authorized in § 585.523.

(d) Payments of amounts due into a blocked account in the name of the Government of the FRY (S&M) must be reported to the Blocked Assets Division, Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Ave., NW.—Annex, Washington, DC 20220. The report shall include the date and amount deposited, the account title, the account number, and the name and address of the U.S. financial institution.

**§ 585.516 Procedures established for export transactions initiated prior to the effective date.**

Goods awaiting exportation to the FRY (S&M) on the effective date and seized or detained by the U.S. Customs Service on the effective date or thereafter may be released to the exporter, provided the following documents are filed with Customs officials at the port where such goods are located:

(a) A copy of the contract governing the exportation (sale or other transfer) of the goods to the FRY (S&M) or, if no contract exists, a written explanation of the circumstances of exportation, including in either case a description of the manner and terms of payment received or to be received by the exporter (or other person) for, or by reason of, the exportation of the goods;

(b) An invoice, bill of lading, or other documentation fully describing the goods; and

(c) A statement by the exporter substantially in the following form:

Any amount received from or on behalf of the Government of the FRY (S&M) by reason of the attempted exportation of the goods released to [name of exporter] by the U.S. Customs Service on [date], and fully described in the attached documents, has been or will be placed into a blocked account in a U.S. bank and the Office of Foreign Assets Control, Blocked Assets Section, will be immediately

notified. [Name of exporter] agrees to fully indemnify the U.S. Government for any amount ultimately determined by a court of competent jurisdiction to be due or payable to or for the benefit of any person by reason of the failure of [name of exporter] to properly pay into a blocked account any amount received for the goods from or on behalf of the Government of the FRY (S&M). [Name of exporter] also agrees to waive all claims (1) against any payments received and placed into a blocked account, except as may be later authorized by law, regulations, or license, and (2) against the U.S. Government with regard to the disposition of the amounts placed into a blocked account.

The statement should be dated and signed by the exporter or by a person authorized to sign on the exporter's behalf. The Customs Service may release the goods to the exporter upon receipt of the documentation and statement described above, provided it is satisfied that all customs laws and regulations have been complied with, including the execution of such hold harmless assurances as it shall determine to be appropriate. The documentation and statement received by Customs will be forwarded to the Office of Foreign Assets Control for review and appropriate action.

**§ 585.517 Exportation of certain legal services to the Government of, or persons in, the FRY (S&M).**

(a) The provision to the Government of the FRY (S&M), or to a person in the FRY (S&M), of the legal services set forth in paragraph (b) of this section is authorized, provided that all receipt of payment therefor must be specifically licensed. The provision of any other legal services as interpreted in § 585.416 requires the issuance of a specific license.

(b) Specific licenses are issued, on a case-by-case basis, authorizing receipt, from unblocked sources, of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to the Government of the FRY (S&M) or to a person in the FRY (S&M):

(1) Provision of legal advice and counselling to the Government of the FRY (S&M) or to a person in the FRY (S&M) on the requirements of and compliance with the laws of any jurisdiction within the United States, provided

that such advice and counselling is not provided to facilitate transactions in violation of subpart B of this part;

(2) Representation of the Government of the FRY (S&M) or of a person in the FRY (S&M) when named as a defendant in or otherwise made a party to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction of the Government of the FRY (S&M) that were in existence prior to May 30, 1992, or of a person in the FRY (S&M);

(4) Representation of the Government of the FRY (S&M) or a person in the FRY (S&M) before any federal agency with respect to the imposition, administration, or enforcement of U.S. sanctions against the FRY (S&M); and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) Enforcement of any domestic lien, judgment, arbitral award, decree, or other order through execution, garnishment or other judicial process purporting to transfer or otherwise alter or affect a property interest of the Government of the FRY (S&M) is prohibited unless specially licensed in accordance with § 585.202(e).

**§ 585.518 Certain standby letters of credit and performance bonds.**

(a) Notwithstanding any other provision of law, payment into a blocked account in a U.S. financial institution by an issuing or confirming bank under a standby letter of credit in favor of a beneficiary that is the Government of the FRY (S&M) or a person in the FRY (S&M) is prohibited by § 585.201 and not authorized, notwithstanding the provisions of § 585.503, if

(1) The account party is a U.S. person; and

(2)(i) A specific license has been issued pursuant to the provisions of paragraph (b) of this section, or

(ii) 10 business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within 5 business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the FRY (S&M) beneficiary in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this section relieves any such bank or such account party from giving any notice of defense against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank shall not make payment under the standby letter of credit unless:

(1) 10 business days have expired since the bank has received notice of the removal of the injunction, and

(2) A specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Director of the Office of Foreign Assets Control may at any time require the payment of the amounts due under any letter of credit described in paragraph (a) of this section into a blocked account in a U.S. financial institution or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes the account party on any standby letter or credit or any other person from at any time contesting the legality of the demand from a beneficiary in the FRY (S&M) or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties to the

instruments covered by this section if the instruments and payments thereunder are subsequently unblocked.

(g) This section does not authorize any U.S. person to reimburse a non-U.S. bank for payment to an FRY (S&M) beneficiary under a standby letter of credit, except by payments into a blocked account in accordance with § 585.503 or paragraph (b) or (c) of this section.

(h) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within 5 business days after receipt of that license that it has established the blocked account on its books as provided in those paragraphs. However, in appropriate cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(i) For the purposes of this section:

(1) The term *standby letter of credit* shall mean a letter of credit securing performance of a contract, or repayment of any advance payments or deposits under a contract, or any similar obligation in the nature of a performance bond;

(2) The term *account party* shall mean the person for whose account the standby letter of credit was opened; and

(3) The term *FRY (S&M) beneficiary* shall mean a beneficiary that is (i) a person in the FRY (S&M), (ii) an entity operated from the FRY (S&M), or (iii) the Government of the FRY (S&M).

**§ 585.519 Certain imports for diplomatic or official personnel authorized.**

All transactions ordinarily incident to the importation of any goods or services into the United States, which are not for resale, and which are destined for official or personal use by personnel employed by the diplomatic missions of the Government of the FRY (S&M) to the United States and to international organizations located in the United States are authorized, unless the importation is otherwise prohibited by law.

**§ 585.520 Entries in certain accounts for normal service charges authorized.**

(a) U.S. financial institutions are hereby authorized to:

(1) Debit any blocked account on their books in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account; and

(2) Make book entries against any foreign currency account maintained by it with a financial institution in the FRY (S&M) for the purpose of responding to debits to such account for normal service charges in connection therewith.

(b) As used in this section, the term *normal service charge* shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photocopies, credit reports, transcripts of statements, registered mail insurance, stationery and supplies, check books, and other similar items.

**§ 585.521 Donations of food to relieve human suffering authorized.**

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to the FRY (S&M) of donated food intended to relieve human suffering.

(b) In general, specific licenses will only be granted for donations of food to be provided through the United Nations in accordance with UNSC Resolution 757 and in cooperation with the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under UNSC Resolution 757 and any other applicable Security Council resolutions, in order to ensure that such donations reach the intended beneficiaries.

(c) Applications for specific licenses pursuant to paragraph (a) of this section shall be made in advance of the proposed exportation, and provide the following information:

(1) The nature, quantity, value, and intended use of the donated food; and

(2) The terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized body subordinate thereto to govern the shipment of foodstuffs under applicable United Nations Security Council resolutions, including UNSC Resolution 757.

**§ 585.522 Donations of medical supplies authorized.**

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to the FRY (S&M) of donated supplies intended strictly for medical purposes, in accordance with the provisions of UNSC Resolution 757 and other applicable Security Council resolutions.

(b) In general, specific licenses will only be granted for the exportation of medical supplies through the International Committee of the Red Cross or other appropriate humanitarian agencies for distribution by them or under their supervision, or in such other manner as may be approved under applicable Security Council resolutions, in order to ensure that such supplies reach the intended recipient.

(c) Applications for specific licenses pursuant to paragraph (a) of this section shall be made in advance of the proposed exportation, and provide the following information:

(1) The nature, quantity, value, and intended use of the medical supplies;

(2) The terms and conditions of distribution, including the intended method of compliance with such terms and conditions of distribution as may have been adopted by the United Nations Security Council or a duly authorized body subordinate thereto to govern the shipment of medical supplies under applicable Security Council resolutions.

**§ 585.523 Certain transactions for the benefit of individuals in the FRY (S&M) authorized.**

All transactions are authorized by U.S. financial institutions that are not blocked, including their foreign branches, for the benefit of individuals

## § 585.524

located in the FRY (S&M) provided that such transactions do not result in the transfer of funds to or for the benefit of the Government of the FRY (S&M) or to persons in the FRY (S&M).

### **§ 585.524 Humanitarian aid and trade in United Nations Protected Areas of Croatia and those areas of the Republic of Bosnia and Herzegovina controlled by Bosnian Serb forces.**

(a) Specific licenses may be issued on a case-by-case basis to permit exportation to, or transshipment through, the United Nations Protected Areas in the Republic of Croatia and those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces of essential humanitarian supplies, including medical supplies and foodstuffs, distributed by international humanitarian agencies. Applications for specific licenses shall be made in accordance with § 585.522(c).

(b) Specific licenses may be issued on a case-by-case basis to permit importation from, exportation to, or transshipment through the United Nations Protected Areas in the Republic of Croatia and those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces of any other goods, only upon a determination by the Director of the Office of Foreign Assets Control that such activities have been properly authorized by the Government of the Republic of Croatia or the Government of the Republic of Bosnia and Herzegovina, respectively.

[58 FR 35829, July 1, 1993, as amended at 60 FR 34147, June 30, 1995]

### **§ 585.525 Authorization of certain new transactions with respect to the FRY (S&M).**

(a) Notwithstanding the provisions of subpart B of this part, transactions and activities otherwise prohibited by §§ 585.201(a), (b) and (d) (blocked property), 585.204 (imports), 585.205 (exports), 585.206 (dealing in exports and imports), 585.207 (transportation-related transactions), 585.208 (aircraft), 585.209 (performance of contracts), 585.210 (transfer of funds), 585.211 (sporting events), 585.212 (scientific and technical cooperation, cultural exchanges), 585.215 (detention of convey-

## 31 CFR Ch. V (7-1-02 Edition)

ances and cargo), 585.217(a) (entry of U.S. vessels into territorial waters), 585.218(a) (insofar as that paragraph relates to trade in the United Nations Protected Areas of Croatia), and the restrictions on certain travel-related transactions (including those for commercial travel) delineated in § 585.512, are hereby authorized on or after January 16, 1996, provided that no such transaction results in a debit to an account blocked prior to December 27, 1995, or a transfer of property blocked prior to December 27, 1995, unless such debit or transfer is independently authorized by or pursuant to this part.

(b)(1) All provisions of § 585.509 continue to apply to debt for which the National Bank of Yugoslavia or a bank located in the FRY (S&M) bears joint or several liability and which, immediately prior to January 16, 1996, was held in the United States or was within the possession or control of a U.S. person, except that the certification and reporting requirements contained in § 585.509(c) and (d)(3) no longer apply to transactions with or for the benefit of persons with respect to whom the blocking provisions of § 585.201(a),(b) and (d) have been suspended pursuant to this section.

(2) Transactions by U.S. persons involving debt for which the National Bank of Yugoslavia or a bank located in the FRY (S&M) bears joint or several liability but that was not held in the United States or within the possession or control of a U.S. person immediately prior to January 16, 1996 are authorized, provided that no debit or transfer to a blocked account is authorized.

(c) Transactions and activities prohibited by §§ 585.201(c) (blocked property), 585.217(b) (entry of U.S. vessels into riverine ports), 585.218(a) (insofar as that paragraph relates to trade in Bosnian Serb-controlled areas of Bosnia and Herzegovina), and 585.218(b) (services to Bosnian Serb-controlled areas), remain prohibited and are not authorized by this section.

(d) The authorizations contained in this section do not eliminate the need to comply with regulatory requirements not administered by the Office of Foreign Assets Control, including

aviation, financial and trade requirements administered by other federal agencies.

[61 FR 1284, Jan. 19, 1996]

**§ 585.526 Authorization for release of certain blocked transfers by U.S. financial institutions.**

(a) U.S. financial institutions are authorized to unblock and return to the remitting party funds which came into their possession or control through wire transfer instructions or check remittances that were not destined for an account on the books of a U.S. financial institution, which account was established by a person whose property or interests in property were blocked immediately prior to January 16, 1996 pursuant to § 585.201 (a “blocked person”), provided that the funds may not be so unblocked and returned if they were remitted by or through a blocked person.

(b)(1) Nothing in this section authorizes the unblocking and release of funds destined for credit:

(i) To accounts established by blocked persons on the books of U.S. financial institutions; or

(ii) To Beogradska Banka d.d. New York Agency or Jugobanka d.d. New York Agency for further credit to account holders. Both banks are blocked persons.

(2) Funds described in paragraph (b)(1) of this section that are not already held in an account described in paragraph (b)(1)(i) must be transferred to such an account by January 29, 1996, where the funds must be maintained in blocked status pursuant to § 585.201. Nothing in this section authorizes transfers involving property or property interests blocked pursuant to § 585.201(c) (blocking property and interests in property of the Bosnian Serb forces and authorities in the areas of the Republic of Bosnia and Herzegovina such forces control; entities organized or located in those areas; entities owned or controlled directly or indirectly by any person in, or resident in, those areas; and any person acting for or on behalf of any of the foregoing persons).

[61 FR 1284, Jan. 19, 1996]

**§ 585.527 Authorization of certain new transactions with respect to the Bosnian Serbs.**

(a) Notwithstanding the provisions of subpart B of this part, transactions and activities otherwise prohibited by §§ 585.201(c) (blocked property), 585.217(b) (entry of U.S. vessels into riverine ports), 585.218(a) (insofar as that paragraph relates to trade in Bosnian Serb-controlled areas of Bosnia and Herzegovina), and 585.218(b) (services to Bosnian Serb-controlled areas), are hereby authorized on or after May 10, 1996, provided that no such transaction results in a debit to an account blocked prior to May 10, 1996, or a transfer of property blocked prior to May 10, 1996, unless such debit or transfer is independently authorized by or pursuant to this part.

(b) The authorizations contained in this section do not eliminate the need to comply with regulatory requirements not administered by the Office of Foreign Assets Control, including aviation, financial and trade requirements administered by other federal agencies.

[61 FR 24697, May 16, 1996]

**§ 585.528 Unblocking of certain vessels and accounts.**

(a) All transactions with respect to the following vessels are authorized as of May 19, 1997: the M/V MOSLAVINA, M/V ZETA, M/V LOVCEN, M/V DURMITOR, and M/V BAR (a.k.a. M/V INVIKEN).

(b) All transactions by U.S. persons to seek and obtain judicial warrants of maritime arrest against the blocked vessels referenced in paragraph (a) of this section are authorized, but service of a warrant of maritime arrest on a blocked vessel referenced in paragraph (a) of this section may be effected not before 10:00 a.m. local time in the location of the vessel, May 8, 1997.

(c) Nothing in this section authorizes a debit to an account blocked prior to December 27, 1995, unless such debit is independently authorized by or pursuant to this part.

(d) All transactions with respect to blocked accounts held at Whitney National Bank, New Orleans, Louisiana, containing the proceeds of the sales of the M/V KAPETAN MARTINOVIC and

## § 585.601

the M/V BOR are authorized as of December 7, 1998. All transactions by U.S. persons to seek and obtain judicial writs of attachment against the blocked accounts as substitute property for these vessels are authorized as of 10:00 a.m. Eastern Standard Time, November 27, 1998.

[62 FR 19673, Apr. 23, 1997, as amended at 63 FR 59884, Nov. 6, 1998]

### Subpart F—Reports

#### § 585.601 Records and reports.

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

[62 FR 45110, Aug. 25, 1997]

### Subpart G—Penalties

#### § 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 adjusted 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 directed to the United Nations Participation Act (22 U.S.C. 287c(b)), which provides that any

## 31 CFR Ch. V (7-1-02 Edition)

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 this section shall, upon conviction, be fined not more than \$10,000 or, if a natural person, be imprisoned for not more than 10 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.

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

[58 FR 13201, Mar. 10, 1993, as amended at 61 FR 54940, Oct. 23, 1996; 62 FR 45110, Aug. 25, 1997]

#### § 585.702 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 penalty. 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.

**§ 585.703 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.

**§ 585.704 Penalty notice.**

(a) *No violation.* If, after considering any 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 that 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.

**§ 585.705 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 for administrative collection measures or 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**

**§ 585.801 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 subpart D of part 501 of this chapter.

[62 FR 45110, Aug. 25, 1997]

**§ 585.802 Delegation by the Secretary of the Treasury.**

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Orders 12808, 12810, 12831, and any further Executive orders relating to the national emergency declared in Executive Order 12808 may be taken by the Director, Office of Foreign Assets Control.

[58 FR 13201, Mar. 10, 1993. Redesignated at 62 FR 45110, Aug. 25, 1997]

**Subpart I—Paperwork Reduction Act**

**§ 585.901 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 586—FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA & MONTENEGRO) KOSOVO SANCTIONS REGULATIONS**

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

Sec.

586.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

586.201 Prohibited transactions involving blocked property.  
 586.202 Effect of transfers violating the provisions of this part.  
 586.203 Holding of funds in interest-bearing accounts; investment and reinvestment.  
 586.204 Prohibited new investment within Serbia.  
 586.205 Evasions; attempts; conspiracies.  
 586.206 Exempt transactions.

**Subpart C—General Definitions**

586.301 Blocked account; blocked property.  
 586.302 Effective date.  
 586.303 Entity.  
 586.304 Federal Republic of Yugoslavia (Serbia & Montenegro); FRY (S&M).  
 586.305 General license.  
 586.306 Government of the Federal Republic of Yugoslavia (Serbia and Montenegro).  
 586.307 Government of the Republic of Montenegro.  
 586.308 Government of the Republic of Serbia.  
 586.309 Information and informational materials.  
 586.310 Interest.  
 586.311 License.  
 586.312 New investment.  
 586.313 Person.  
 586.314 Property; property interest.  
 586.315 Specific license.  
 586.316 Transfer.  
 586.317 U.S. financial institution.  
 586.318 United States.  
 586.319 United States person; U.S. person.

**Subpart D—Interpretations**

586.401 Reference to amended sections.  
 586.402 Effect of amendment.

586.403 Termination and acquisition of an interest in blocked property.  
 586.404 Setoffs prohibited.  
 586.405 Transactions incidental to a licensed transaction.  
 586.406 Provision of services.  
 586.407 Offshore transactions.  
 586.408 Exempt financial transactions within the territory of the FRY (S&M); prohibition on establishment of new offices in Serbia.  
 586.409 Approval or other facilitation of other persons' investment in the territory of the Republic of Serbia.  
 586.410 Transfer of funds to the benefit of certain persons in the territory of the FRY (S&M).

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

586.501 General and specific licensing procedures.  
 586.502 Effect of license or authorization.  
 586.503 Exclusion from licenses and authorizations.  
 586.504 Payments and transfers to blocked accounts in U.S. financial institutions.  
 586.505 Payment of obligations to U.S. persons authorized.  
 586.506 Investment and reinvestment of certain funds.  
 586.507 Completion of certain transactions related to bankers acceptances authorized.  
 586.508 Entries in certain accounts for normal service charges authorized.  
 586.509 Provision of certain legal services authorized.  
 586.510 Transactions related to telecommunications authorized.  
 586.511 Transactions related to mail authorized.  
 586.512 Certain transactions related to patents, trademarks and copyrights authorized.  
 586.513 Certain transactions with respect to trade with blocked persons authorized.  
 586.514 Divestiture of U.S. person's equity investment in the territory of the Republic of Serbia.  
 586.515 Payments for services rendered by the Government of the FRY (S&M) to aircraft authorized; aircraft and maritime safety.  
 586.516 Transactions with respect to property in which the Government of the Republic of Montenegro has an interest authorized.  
 586.517 Unblocking of certain debt.  
 586.518 Authorization of release of certain blocked transfers by U.S. financial institutions.  
 586.519 Release of certain funds held at overseas branches of U.S. financial institutions.

## Office of Foreign Assets Control, Treasury

## § 586.201

### Subpart F—Reports

586.601 Records and reports.

### Subpart G—Penalties

586.701 Penalties.  
586.702 Prepenalty notice.  
586.703 Response to prepenalty notice; informal settlement.  
586.704 Penalty imposition or withdrawal.  
586.705 Administrative collection; referral to United States Department of Justice.

### Subpart H—Procedures

586.801 Procedures.  
586.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

586.901 Paperwork Reduction Act notice.

**AUTHORITY:** 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; E.O. 13088, 63 FR 32109, 3 CFR, 98 Comp., p. 191; E.O. 13121, 64 FR 24021, 3 CFR, 99 Comp. p. 176; E.O. 13192, 66 FR 7379, January 23, 2001.

**SOURCE:** 63 FR 54576, Oct. 13, 1998, unless otherwise noted.

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

### § 586.101 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. Actions pursuant to part 501 of this chapter with respect to the prohibitions of this part are considered actions pursuant to this part. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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

complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 586.201 Prohibited transactions involving blocked property.

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, no property or interests in property of the Governments of the FRY (S&M), the Republic of Serbia, and the Republic of Montenegro, 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.

**NOTE TO PARAGRAPH (a) OF § 586.201:** See note at end of this section with regard to the lifting of certain sanctions effective January 19, 2001.

(b) The blocking of property and property interests in paragraph (a) of this section includes the prohibition of financial transactions with, including trade financing for, the Governments of the FRY (S&M), the Republic of Serbia, and the Republic of Montenegro by United States persons.

**NOTE TO PARAGRAPH (b) OF § 586.201:** See note at end of this section with regard to the lifting of certain sanctions effective January 19, 2001.

(c) Property or interests in property blocked pursuant to Executive Order 13088 of June 9, 1998, as amended by Executive Order 13121 of April 30, 1999, and this part prior to 12:01 a.m. eastern standard time, January 19, 2001, are blocked, and may not be transferred, paid, exported or otherwise dealt in except as otherwise authorized by the Secretary of the Treasury.

**NOTE TO PARAGRAPH (c) OF § 586.201:** See note at end of this section with regard to the lifting of certain sanctions effective January 19, 2001.

(d) 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), disposition, transportation, importation, exportation, or withdrawal of, or

## § 586.202

## 31 CFR Ch. V (7-1-02 Edition)

the endorsement or guaranty of signatures on, or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of the Governments of the FRY (S&M), the Republic of Serbia, and the Republic of Montenegro, and held within the possession or control of a U.S. person is prohibited, irrespective of the fact that at any time (either prior to, on, 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.

NOTE TO PARAGRAPH (d) OF § 586.201: *See* note at end of this section with regard to the lifting of certain sanctions effective January 19, 2001.

(e) 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.

NOTE TO § 586.201: Section 1(a) of Executive Order 13192 of January 17, 2001 (66 FR 7379, January 23, 2001), amended Executive Order 13088 of June 9, 1998 (63 FR 32109, June 12, 1998), to remove prospectively the prohibition on transactions that involve blocked property and interests in property of the Governments of the FRY(S&M), the Republic of Serbia, and the Republic of Montenegro. Consequently, with the exception of transactions involving property or interests in property of persons designated in or pursuant to 31 CFR § 587.201(a), transactions or transfers by U.S. persons that involve the property or interests in property of the FRY(S&M) and that occur on or after January 19, 2001, are not prohibited by §§ 586.201(a), (b), or (d). Executive Order 13088, as amended by Executive Order 13192, however, also requires that all property or interests in property blocked pursuant to Executive Order 13088 prior to January 19, 2001, shall remain blocked, except as otherwise authorized by the Secretary of the Treasury. See § 586.201(c). The continued blocking of previously blocked property is necessary until provision is made to address claims or encumbrances with respect to such property.

[63 FR 54576, Oct. 13, 1998, as amended at 66 FR 50509, Oct. 3, 2001]

### § 586.202 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, order, directive, ruling, instruction, license, or other authorization issued pursuant to this part and involves any property or interest in property blocked pursuant to § 586.201 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 or property interests.

(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 or interest in property blocked pursuant to § 586.201, 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, this part, and any regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(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) 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 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 issued pursuant to this part; 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.

NOTE TO PARAGRAPH (d) OF § 586.202: The filing of a report in accordance with the provisions of paragraph (d)(3) of this section 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 or interest in property blocked pursuant to § 586.201.

**§ 586.203 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraph (c) or (d) of this section, or as otherwise directed by the Office of Foreign Assets Control, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations, subject to § 586.201 shall hold or place such funds in a blocked interest-

bearing account located in the United States.

(b)(1) For purposes of this section, the term *blocked interest-bearing account* means a blocked account:

(i) In a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates which are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, provided the funds are invested in a money market fund or in U.S. Treasury bills.

(2) For purposes of this section, a rate is commercially reasonable if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(3) Funds held or placed in a blocked account pursuant to this paragraph (b) may not be invested in instruments the maturity of which exceeds 180 days. If interest is credited to a separate blocked account or sub-account, the name of the account party on each account must be the same.

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 586.201 may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (b) or (d) of this section.

(d) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject to § 586.201 may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates which are commercially reasonable.

(e) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such property at the time the property becomes subject to § 586.201. However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales in appropriate cases.

## § 586.204

(f) Funds subject to this section may not be held, invested, or reinvested in a manner which provides immediate financial or economic benefit or access to persons whose property or interests in property are blocked pursuant to § 586.201, nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

### § 586.204 Prohibited new investment within Serbia.

Except as otherwise provided in regulations, orders, directives, or licenses that may hereafter be issued pursuant to this order, all new investment in the territory of the Republic of Serbia by United States persons, and the approval or other facilitation by United States persons of other persons' new investment in the territory of the Republic of Serbia, are prohibited.

NOTE TO § 586.204: Section 1(b) of Executive Order 13192 of January 17, 2001 (66 FR 7379, January 23, 2001), revoked section 3 of Executive Order 13088 of June 9, 1998 (63 FR 32109, June 12, 1998), which prohibited all new investment by United States persons in the territory of the Republic of Serbia and the approval and other facilitation by United States persons of other persons' new investment in the territory of the Republic of Serbia. Consequently, with the exception of transactions involving property or interests in property of persons designated in or pursuant to 31 CFR § 587.201(a), the new investment activities of United States persons in the territory of the Republic of Serbia on or after January 19, 2001, are not prohibited by § 586.204.

[63 FR 54576, Oct. 13, 1998, as amended at 66 FR 50509, Oct. 3, 2001]

### § 586.205 Evasions; attempts; conspiracies.

Any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this part is prohibited. Any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is prohibited.

### § 586.206 Exempt transactions.

(a) *Personal communications.* The prohibitions contained in this part do not apply to any postal, telegraphic, telephonic, or other personal communica-

## 31 CFR Ch. V (7-1-02 Edition)

tion, which does not involve the transfer of anything of value.

(b) *Information and informational materials.* (1) The importation from any country and the exportation to any country of information or informational materials as defined in § 586.309, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part.

(2) This section does not authorize transactions related to information and informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services. Such prohibited transactions include, but are not limited to, payment of advances for information and informational materials not yet created and completed (with the exception of prepaid subscriptions for widely circulated magazines and other periodical publications), provision of services to market, produce or co-produce, create or assist in the creation of information and informational materials, and payment of royalties to persons whose property or interests in property are blocked pursuant to § 586.201 with respect to income received for enhancements or alterations made by U.S. persons to information or informational materials imported from persons whose property and property interests are blocked pursuant to § 586.201.

(3) This section does not exempt or authorize transactions incident to the exportation of software subject to the Export Administration Regulations, 15 CFR parts 730-774, or to the exportation of goods, technology or software, or to the sale or leasing of telecommunications transmission facilities (such as satellite links or dedicated lines) for use in the transmission of any data. The exportation of such items or services and the sale or leasing of such facilities to a person whose property and interests in property are blocked pursuant to § 586.201 is prohibited.

(c) *Travel.* The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to

or from any country, including exportation or importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including non-scheduled air, sea, or land voyages.

(d) *Journalistic activity.* The prohibitions contained in this part do not apply to transactions in the FRY (S&M) for journalistic activity by persons regularly employed in such capacity by a news-gathering organization.

(e) *Humanitarian donations.* The prohibitions of this part do not apply to donations by U.S. persons of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering.

### Subpart C—General Definitions

#### § 586.301 Blocked account; blocked property.

The terms *blocked account* and *blocked property* shall mean any account or property subject to the prohibition in § 586.201 held in the name of a person whose property is blocked pursuant to § 586.201 or in which such person 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 the Office of Foreign Assets Control.

#### § 586.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part which is 12:01 a.m. eastern daylight time, June 10, 1998, except, with respect to § 586.201(c), 12:01 a.m. eastern standard time, January 19, 2001, shall apply.

[66 FR 50509, Oct. 3, 2001]

#### § 586.303 Entity.

The term *entity* means a partnership, association, trust, joint venture, corporation, or other organization.

#### § 586.304 Federal Republic of Yugoslavia (Serbia & Montenegro); FRY (S&M).

The term *Federal Republic of Yugoslavia (Serbia & Montenegro)* or *FRY (S&M)* means the territory of the Republics of Serbia and Montenegro.

#### § 586.305 General license.

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

#### § 586.306 Government of the Federal Republic of Yugoslavia (Serbia and Montenegro).

The term *Government of the Federal Republic of Yugoslavia (Serbia and Montenegro)* means the government of the FRY (S&M), its agencies, instrumentalities, and controlled entities, including all financial institutions and state-owned and socially-owned entities organized or located in the FRY (S&M) as of June 9, 1998, any successors to such entities, and their respective subsidiaries and branches, wherever located, and any persons acting or purporting to act for or on behalf of any of the foregoing.

NOTE TO § 586.306: Please refer to the appendices at the end of this chapter for listings of persons determined to fall within this definition who 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 designations, or who wish to assert that the circumstances resulting in designation are no longer applicable.

#### § 586.307 Government of the Republic of Montenegro.

The term *Government of the Republic of Montenegro* means the government of the Republic of Montenegro, including any subdivisions thereof or local governments therein, its agencies, instrumentalities and controlled entities, including all financial institutions and state-owned and socially-owned entities organized or located in the Republic of Montenegro as of June 9, 1998, any successors to such entities, and their respective subsidiaries and branches, wherever located, and any persons acting or purporting to act for or on behalf of any of the foregoing.

## § 586.308

NOTE TO § 586.307: Section 586.516 authorizes all transactions by U.S. persons involving property or interests in property of the Government of the Republic of Montenegro, unless such property remains blocked pursuant to the Federal Republic of Yugoslavia (Serbia and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 CFR part 585 (see § 585.525).

### § 586.308 Government of the Republic of Serbia.

The term *Government of the Republic of Serbia* means the government of the Republic of Serbia, including any subdivisions thereof or local governments therein, its agencies, instrumentalities, and controlled entities, including all financial institutions and state-owned and socially-owned entities organized or located in the Republic of Serbia as of June 9, 1998, any successors to such entities, and their respective subsidiaries and branches, wherever located, and any persons acting or purporting to act for or on behalf of any of the foregoing.

NOTE TO § 586.308: Please refer to the appendices at the end of this chapter for listings of persons determined to fall within this definition who 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 designations, or who wish to assert that the circumstances resulting in designation are no longer applicable.

### § 586.309 Information and informational materials.

(a)(1) For purposes of this part, the term *information and informational materials* means publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds, and other information and informational materials.

(2) To be considered informational materials, artworks must be classified under chapter heading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The term *information and informational materials* with respect to U.S. exports does not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50

## 31 CFR Ch. V (7-1-02 Edition)

U.S.C. App. 2401-2420 (the “EAA”), or section 6 of the EAA to the extent that such controls promote nonproliferation or antiterrorism policies of the United States.

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

### § 586.310 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.

### § 586.311 License.

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

### § 586.312 New investment.

The term *new investment* means the acquisition of debt or equity interests in, a commitment or contribution of funds or other assets to, or a loan or other extension of credit to, a public or private undertaking, entity, or project, including the Government of the Republic of Serbia, other than donations of funds to charitable organizations for purely humanitarian purposes.

### § 586.313 Person.

The term *person* means an individual or entity.

### § 586.314 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, guarantees, 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.

**§ 586.315 Specific license.**

The term *specific license* means any license or authorization not set forth in this part but issued pursuant to this part.

**§ 586.316 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

**§ 586.317 U.S. financial institution.**

The term *U.S. financial institution* means any U.S. entity (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.

**§ 586.318 United States.**

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

**§ 586.319 United States person; U.S. person.**

The term *United States person* or *U.S. person* means any United States citizen, permanent resident alien, entity 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.

[66 FR 50509, Oct. 3, 2001]

**Subpart D—Interpretations**

**§ 586.401 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 refers to the same as currently amended.

## § 586.402

## 31 CFR Ch. V (7-1-02 Edition)

### § 586.402 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 does not, unless otherwise specifically provided, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

### § 586.403 Termination and acquisition of an interest in blocked property.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a person whose property or interests in property are blocked pursuant to § 586.201, such property shall no longer be deemed to be property blocked pursuant to § 586.201, unless there exists in the property another interest that is blocked pursuant to § 586.201 or any other part of this chapter, 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 a person whose property or interests in property are blocked pursuant to § 586.201, such property shall be deemed to be property in which that person has an interest and therefore blocked.

### § 586.404 Setoffs prohibited.

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 586.201 if effected after the effective date.

### § 586.405 Transactions incidental to a licensed transaction.

Any transaction ordinarily incident to a licensed transaction and necessary

to give effect thereto is also authorized, except:

(a) An incidental transaction, not explicitly authorized within the terms of the license, by or with a person whose property or interests in property are blocked pursuant to § 586.201; or

(b) An incidental transaction, not explicitly authorized within the terms of the license, involving a debit or credit to a blocked account or a transfer of blocked property.

[66 FR 50509, Oct. 3, 2001]

### § 586.406 Provision of services.

(a) Except as otherwise authorized, the prohibitions contained in § 586.201 apply to services performed by U.S. persons, wherever located:

(1) On behalf of, or for the benefit of, a person whose property or interests in property are blocked pursuant to § 586.201; or

(2) With respect to property interests of a person whose property or interests in property are blocked pursuant to § 586.201.

(b) *Example:* U.S. persons may not, without specific authorization from the Office of Foreign Assets Control, represent an individual or entity with respect to contract negotiations, contract performance, commercial arbitration, or other business dealings with persons whose property or interests in property are blocked pursuant to § 586.201. See § 586.509 on licensing policy with regard to the provision of certain legal services.

[63 FR 54576, Oct. 13, 1998, as amended at 66 FR 50509, Oct. 3, 2001]

### § 586.407 Offshore transactions.

(a) The prohibitions contained in § 586.201 apply to transactions by any U.S. person in a location outside the United States with respect to property in which the U.S. person knows, or has reason to know, that a person whose property and interests in property are blocked pursuant to § 586.201 has or has had an interest since the effective date.

(b) Prohibited transactions include, but are not limited to, importation into or exportation from locations outside the United States of, or purchasing, selling, financing, swapping, insuring, transporting, lifting, storing,

incorporating, transforming, brokering, or otherwise dealing in, within such locations, goods, technology or services in which the U.S. person knows, or has reason to know, that a person whose property and interests in property are blocked pursuant to § 586.201 has or has had an interest since the effective date.

(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, furniture, shoes or other goods manufactured by a state or socially-owned entity organized or located in the FRY (S&M).

(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 a state or socially-owned entity within the territory of the FRY (S&M), or which benefits or supports the business of such an entity, unless the entity is licensed by the Office of Foreign Assets Control to conduct such transactions with U.S. persons or the transaction is generally licensed in, or exempted from the prohibitions of, this part.

NOTE TO § 586.407: See § 586.513 with regard to the authorization of certain trade-related transactions.

**§ 586.408 Exempt financial transactions within the territory of the FRY (S&M); prohibition on establishment of new offices in Serbia.**

(a) Section 586.201(c) exempts financial transactions, including trade financing, from the prohibitions contained in § 586.201 by U.S. persons physically located within the territory of the FRY (S&M), where those transactions are conducted exclusively through the domestic banking system within the FRY (S&M) in local currency (dinars), or using bank notes or barter. A U.S. entity must have a permanent establishment, such as a branch or representative office, within the territory of the FRY (S&M) to be considered physically located there for purposes of this paragraph (a).

(b) The prohibition on new investment within Serbia contained in § 586.204, as defined in § 586.312, pre-

cludes the establishment after the effective date of a new representative or branch office or joint venture or other entity within the territory of the Republic of Serbia, because such activity would necessarily involve a commitment or contribution of funds or other assets to a public or private undertaking, entity, or project within Serbia. See § 586.513 concerning the authorization of certain trade-related transactions conducted using bank notes or barter by U.S. persons located outside of the territory of the FRY (S&M).

NOTE TO § 586.408: All transactions with respect to property in which the Government of the Republic of Montenegro has an interest are authorized pursuant to § 586.516. Therefore, all financial transactions by U.S. persons within the territory of the Republic of Montenegro are authorized, unless the transaction involves property in which another interest exists that is blocked pursuant to § 586.201 or any other part of this chapter. See § 586.403.

**§ 586.409 Approval or other facilitation of other persons' investment in the territory of the Republic of Serbia.**

(a) The prohibition contained in § 586.204 against approval or other facilitation by U.S. persons of other persons' investment in the territory of the Republic of Serbia bars any action by a U.S. person that assists or supports other persons' activity that would constitute prohibited new investment under that section if engaged in by a U.S. person. Such approval or other facilitation with respect to persons whose property or interests in property are blocked pursuant to § 586.201 also constitutes a violation of that section. See the definition of the term *new investment* in § 586.312.

(b) *Examples:* (1) A U.S. person is prohibited from brokering, financing, guaranteeing, or approving the purchase by any other person, including a foreign affiliate, of shares, including an equity interest, in a publicly or privately held undertaking, entity or project located in the territory of the Republic of Serbia, except as provided in § 586.514.

(2) The sale to a non-U.S. person of a U.S. person's equity or income interest in an entity in the territory of the Republic of Serbia constitutes facilitation of that other person's investment

## § 586.410

in Serbia, and would otherwise be prohibited but for the authorization contained in § 586.514.

(3) A U.S. national or permanent resident alien employed by a foreign person may not participate in any decision-making role in an activity by the foreign person that includes investment in the territory of the Republic of Serbia.

### **§ 586.410 Transfer of funds to the benefit of certain persons in the territory of the FRY (S&M).**

Section 586.201 does not prohibit U.S. financial institutions that are not blocked, including their foreign branches, from transferring funds to accounts in financial institutions for the benefit of individuals, non-governmental organizations and other persons located in the territory of the FRY (S&M) whose property and interests in property are not blocked pursuant to that section, provided that such transactions do not result in the transfer of funds to or for the benefit of persons whose property or interests in property are blocked pursuant to § 586.201.

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

### **§ 586.501 General and specific licensing procedures.**

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

[63 FR 54576, Oct. 13, 1998, as amended at 66 FR 50509, Oct. 3, 2001]

### **§ 586.502 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 pursuant to this part, authorizes or validates any transaction effected prior to the issuance of the license, unless specifically so provided in such license or authorization.

(b) No regulation, ruling, instruction, or license authorizes any transaction

## **31 CFR Ch. V (7–1–02 Edition)**

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 authorizes 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 this part 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.

NOTE TO PARAGRAPH (c) OF § 586.502: The general license in § 586.516 authorizing transactions with respect to property in which the Government of the Republic of Montenegro has an interest removes such property and interests in property from the phrase “property and interests in property blocked pursuant to § 586.201” for purposes of this part.

(d) Any general license or statement of licensing policy contained in this part authorizing transactions with respect to the Government of the FRY (S&M) shall, unless otherwise stated, also authorize analogous transactions with respect to the Governments or territories of the Republic of Serbia and the Republic of Montenegro.

### **§ 586.503 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 is binding upon all persons receiving actual or constructive notice of such exclusion or restriction.

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

Any payment of funds or transfer of credit in which any person whose property and interests in property are blocked pursuant to § 586.201 has any interest, that comes within the possession or control of a U.S. financial institution, must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be made to another blocked account held in the same name.

NOTE TO § 586.504: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 586.203 concerning the obligation to hold blocked funds in interest-bearing accounts.

**§ 586.505 Payment of obligations to U.S. persons authorized.**

(a) The transfer of funds after the effective date by, through, or to any U.S. financial institution or other U.S. person not blocked pursuant to this chapter solely for the purpose of payment of obligations to U.S. persons of persons whose property or interests in property are blocked pursuant to § 586.201 is authorized, provided that the obligation arose prior to the effective date or is otherwise authorized pursuant to statute or the provisions of this part, and the payment requires no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

(b) A person receiving payment under this section may distribute all or part of that payment to any person, provided that any such payment to a person whose property or interests in property are blocked pursuant to § 586.201 must be to a blocked account in a U.S. financial institution.

NOTE TO § 586.505: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 586.203 concerning the obligation to

hold blocked funds in interest-bearing accounts.

**§ 586.506 Investment and reinvestment of certain funds.**

U.S. financial institutions are authorized to invest and reinvest assets blocked pursuant to § 586.201, subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or subaccount which is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but in no case may funds be transferred outside the United States for this purpose; and

(b) The proceeds of such investments and reinvestments are not credited to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (e.g., through pledging or other use) to any person whose property or interests in property are blocked pursuant to § 586.201.

**§ 586.507 Completion of certain transactions related to bankers acceptances authorized.**

Persons other than those whose property or interests in property are blocked pursuant to § 586.201 are authorized to buy, sell, and satisfy obligations with respect to bankers acceptances, and to pay under deferred payment undertakings, involving a property interest blocked pursuant to § 586.201, as long as the bankers acceptances were created or the deferred payment undertakings were incurred prior to the effective date.

**§ 586.508 Entries in certain accounts for normal service charges authorized.**

(a) U.S. financial institutions are hereby authorized to debit any blocked account with such U.S. financial institution in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account.

(b) As used in this section, the term *normal service charge* shall include

**§ 586.509**

**31 CFR Ch. V (7-1-02 Edition)**

charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photocopies, credit reports, transcripts of statements, registered mail, insurance, stationery and supplies, and other similar items.

**§ 586.509 Provision of certain legal services authorized.**

(a) The provision to or on behalf of a person whose property or interests in property are blocked pursuant to § 586.201 of the legal services set forth in paragraph (b) of this section is authorized, provided that all receipt of payment therefor must be specifically licensed.

(b) Specific licenses may be issued, on a case-by-case basis, authorizing receipt, from unblocked sources, of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to a person whose property or interests in property are blocked pursuant to § 586.201:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling is not provided to facilitate transactions that would violate any of the prohibitions contained in this part;

(2) Representation of a person whose property or interests in property are blocked pursuant to § 586.201 when named as a defendant in or otherwise made a party to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction of a person whose property or interests in property are blocked pursuant to § 586.201;

(4) Representation of a person whose property and interests in property are blocked pursuant to § 586.201 before any federal or state agency with respect to the imposition, administration, or en-

forcement of U.S. sanctions against such person; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) The provision of any other legal services to a person whose property or interests in property are blocked pursuant to § 586.201, not otherwise authorized in or exempted by this part, requires the issuance of a specific license.

(d) Entry into a settlement agreement affecting property or interests in property of a person whose property or interests in property are blocked pursuant to § 586.201 or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment or other judicial process purporting to transfer or otherwise alter or affect a property interest of such person is prohibited unless specifically licensed in accordance with § 586.202(e).

**§ 586.510 Transactions related to telecommunications authorized.**

All transactions with respect to the receipt and transmission of telecommunications involving the FRY (S&M) are authorized. This section does not authorize the provision to any person whose property or interests in property are blocked pursuant to § 586.201 of telecommunications equipment or technology, nor the sale or leasing of telecommunications transmission facilities (such as satellite links or dedicated lines).

**§ 586.511 Transactions related to mail authorized.**

All transactions by U.S. persons, including payment and transfers to common carriers, incident to the receipt or transmission of mail between the United States and the FRY (S&M) are authorized, provided that mail is limited to personal communications not involving a transfer of anything of value.

**§ 586.512 Certain transactions related to patents, trademarks and copyrights authorized.**

(a) All of the following transactions in connection with patent, trademark,

copyright or other intellectual property protection in the United States or the FRY (S&M) are authorized:

(1) The filing and prosecution of any application to obtain a patent, trademark, copyright or other form of intellectual property protection;

(2) The receipt of a patent, trademark, copyright or other form of intellectual property protection;

(3) The renewal or maintenance of a patent, trademark, copyright or other form of intellectual property protection; and

(4) The filing and prosecution of opposition or infringement proceedings with respect to a patent, trademark, copyright or other form of intellectual property protection, or the entrance of a defense to any such proceedings.

(b) This section authorizes the payment of fees currently due to the United States Government, or of the reasonable and customary fees and charges currently due to attorneys or representatives within the United States, in connection with the transactions authorized in paragraph (a) of this section. Payment effected pursuant to the terms of this paragraph (b) may not be made from a blocked account.

(c) This section authorizes the payment of fees currently due to the Government of the FRY (S&M), or of the reasonable and customary fees and charges currently due to attorneys or representatives within the territory of the FRY (S&M), in connection with the transactions authorized in paragraph (a) of this section.

(d) Nothing in this section affects obligations under any other provision of law.

**§ 586.513 Certain transactions with respect to trade with blocked persons authorized.**

(a) U.S. persons may trade in goods in which a person whose property and interests in property are blocked pursuant to § 586.201 has an interest, provided that the payment for the goods is made in bank notes and coins of any currency or by barter. Any open account credit terms may not exceed 30 days. Transactions relating to services incident to this trade in goods, includ-

ing payment for shipping and insurance to non-blocked entities, are authorized.

(b) *Example:* A U.S. company located outside of Serbia may ship goods to Serbia in exchange for bank notes and coins or under a barter arrangement in exchange for Serbian goods, exchanged directly with the U.S. company or assigned to a third company in satisfaction of an obligation owed that party by the U.S. company. Except as provided in § 586.408 or otherwise specifically authorized, however, the U.S. company may not establish or use an account at a financial institution within the territory of the Republic of Serbia in connection with any trade transaction described in this section.

**§ 586.514 Divestiture of U.S. person's equity investment in the territory of the Republic of Serbia.**

Notwithstanding the prohibition in § 586.204 against the facilitation by a U.S. person of other persons' new investment in the territory of the Republic of Serbia, all transactions related to the divestiture or transfer to a non-U.S. person, other than a person whose property or property interests are blocked pursuant to § 586.201 or this chapter, of a U.S. person's investment in the Republic of Serbia are authorized.

**§ 586.515 Payments for services rendered by the Government of the FRY (S&M) to aircraft authorized; aircraft and maritime safety.**

(a) Payments to the Government of the FRY (S&M) of charges for services rendered by that Government in connection with the overflight of the territory of the FRY (S&M) or emergency landing in the FRY (S&M) by aircraft are authorized.

(b) Specific licenses may be issued on a case-by-case basis for the exportation and reexportation of goods, services, and technology to insure the safety of civil aviation and safe operation of U.S.-origin commercial passenger aircraft, and to ensure the safety of ocean-going maritime traffic in international waters.

**§ 586.516**

**31 CFR Ch. V (7-1-02 Edition)**

**§ 586.516 Transactions with respect to property in which the Government of the Republic of Montenegro has an interest authorized.**

All transactions by U.S. persons involving property or interests in property in which the Government of the Republic of Montenegro has an interest are authorized, except with respect to property blocked pursuant to the Federal Republic of Yugoslavia (Serbia and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 CFR part 585 (see § 585.525). Property and interests in property of the Government of Montenegro shall not be considered “property and interests in property blocked pursuant to § 586.201” for purposes of this part. This authorization does not apply, however, to property in which the Government of Montenegro has an interest but in which there also exists an interest of another person whose property or interests in property are blocked pursuant to § 586.201 or any other part of this chapter.

**§ 586.517 Unblocking of certain debt.**

(a) Subject to the limitations in paragraph (c) below, debt obligations in the possession or control of U.S. persons for which the National Bank of Yugoslavia has joint or several liability and that were rescheduled pursuant to the “New Financing Agreement” of September 20, 1988, are unblocked.

(b) Specific licenses may be issued on a case-by-case basis to permit the unblocking of debt obligations not otherwise authorized under either paragraph (a) of this section or 31 CFR 585.509.

(c) Nothing in this section authorizes transactions with any person designated in or pursuant to 31 CFR 587.201(a).

[66 FR 50509, Oct. 3, 2001]

**§ 586.518 Authorization of release of certain blocked transfers by U.S. financial institutions.**

(a) Subject to the limitation set forth in this paragraph, U.S. financial institutions are authorized to unblock and return to the remitting party funds blocked pursuant to this part that came into their possession or control

through wire transfer instructions or check remittances, provided those funds were not destined for an account established on the books of a U.S. financial institution by a person whose property or interests in property were blocked immediately prior to January 19, 2001. Funds otherwise eligible for release under this general license, however, may not be unblocked and returned if they were remitted by or destined for a person designated in or pursuant to 31 CFR 587.201(a).

(b) Funds blocked pursuant to this part that were destined through wire transfer instructions or check remittances for an account established on the books of a U.S. financial institution by a person whose property or interests in property were blocked immediately prior to January 19, 2001, remain blocked. If such funds are not already held in the account for which they were destined, they must be transferred to such an account by October 15, 2001, and maintained in blocked status pursuant to § 586.201(c).

[66 FR 50509, Oct. 3, 2001]

**§ 586.519 Release of certain funds held at overseas branches of U.S. financial institutions.**

Specific licenses may be issued on a case-by-case basis to permit the overseas branches of U.S. financial institutions to unblock deposit accounts that were blocked pursuant to this part prior to January 19, 2001, and that were established outside of the United States in situations in which such accounts are not owned or controlled, directly or indirectly, by any person designated in or pursuant to 31 CFR § 587.201(a).

[66 FR 50510, Oct. 3, 2001]

**Subpart F—Reports**

**§ 586.601 Records and reports.**

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

**Subpart G—Penalties**

**§ 586.701 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 adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that:

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

(2) Whoever willfully violates, or willfully attempts to violate, any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000, and, if a natural person, may also be imprisoned for not more than 10 years; 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 the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any materially false, fictitious, or fraudulent statement or representation, or makes or uses any false writing or document knowing the same to contain any materially 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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

[66 FR 50510, Oct. 3, 2001]

#### § 586.702 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, the Director shall notify the alleged violator of the agency’s intent to impose a monetary penalty by issuing a prepenalty notice. The prepenalty notice shall be in writing. The prepenalty notice may be issued whether or not another agency has taken any action with respect to the matter.

(b) *Contents of notice—(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 respond.* The prepenalty notice also shall inform the respondent of respondent’s right to make a written presentation within the applicable 30-day period set forth in § 586.703 as to why a monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

(c) *Informal settlement prior to issuance of prepenalty notice.* At any time prior to the issuance of a prepenalty notice, an alleged violator may request in writing that, for a period not to exceed sixty (60) days, the agency withhold issuance of the prepenalty notice for the exclusive purpose of effecting settlement of the agency’s potential civil monetary penalty claims. In the event the Director grants the request, under terms and conditions within his discretion, the Office of Foreign Assets Control will agree to withhold issuance of the prepenalty notice for a period not to exceed 60 days and will enter into settlement negotiations of the potential civil monetary penalty claim.

[66 FR 50510, Oct. 3, 2001]

#### § 586.703 Response to prepenalty notice; informal settlement.

(a) *Deadline for response.* The respondent may submit a response to the prepenalty notice within the applicable

30-day period set forth in this paragraph. The Director may grant, at his discretion, an extension of time in which to submit a response to the prepenalty notice. The failure to submit a response within the applicable time period set forth in this paragraph shall be deemed to be a waiver of the right to respond.

(1) *Computation of time for response.* A response to the prepenalty notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier) on or before the 30th day after the postmark date on the envelope in which the prepenalty notice was mailed. If the respondent refused delivery or otherwise avoided receipt of the prepenalty notice, a response must be postmarked or date-stamped on or before the 30th day after the date on the stamped postal receipt maintained at the Office of Foreign Assets Control. If the prepenalty notice was personally delivered to the respondent by a non-U.S. Postal Service agent authorized by the Director, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

(2) *Extensions of time for response.* If a due date falls on a federal holiday or weekend, that due date is extended to include the following business day. Any other extensions of time will be granted, at the Director's discretion, only upon the respondent's specific request to the Office of Foreign Assets Control.

(b) *Form and method of response.* The response must be submitted in writing and may be handwritten or typed. The response need not be in any particular form. A copy of the written response may be sent by facsimile, but the original must also be sent to the Office of Foreign Assets Control Civil Penalties Division by mail or courier and must be postmarked or date-stamped, in accordance with paragraph (a) of this section.

(c) *Contents of response.* A written response must contain information sufficient to indicate that it is in response to the prepenalty notice.

(1) A written response must include the respondent's full name, address, telephone number, and facsimile num-

ber, if available, or those of the representative of the respondent.

(2) A written response should either admit or deny each specific violation alleged in the prepenalty notice and also state if the respondent has no knowledge of a particular violation. If the written response fails to address any specific violation alleged in the prepenalty notice, that alleged violation shall be deemed to be admitted.

(3) A written response should include any information in defense, evidence in support of an asserted defense, or other factors that the respondent requests the Office of Foreign Assets Control to consider. Any defense or explanation previously made to the Office of Foreign Assets Control or any other agency must be repeated in the written response. Any defense not raised in the written response will be considered waived. The written response should also set forth the reasons why the respondent believes the penalty should not be imposed or why, if imposed, it should be in a lesser amount than proposed.

(d) *Default.* If the respondent elects not to submit a written response within the time limit set forth in paragraph (a) of this section, the Office of Foreign Assets Control will conclude that the respondent has decided not to respond to the prepenalty notice. The agency generally will then issue a written penalty notice imposing the penalty proposed in the prepenalty notice.

(e) *Informal settlement.* In addition to or as an alternative to a written response to a prepenalty notice, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. However, the requirements set forth in paragraph (f) of this section as to oral communication by the representative must first be fulfilled. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent will not be required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a

violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the time limit specified in paragraph (a) of this section for written response to the prepenalty notice will remain in effect unless additional time is granted by the Office of Foreign Assets Control.

(f) *Representation.* A representative of the respondent may act on behalf of the respondent, but any oral communication with the Office of Foreign Assets Control prior to a written submission regarding the specific allegations contained in the prepenalty notice must be preceded by a written letter of representation, unless the prepenalty notice was served upon the respondent in care of the representative.

[66 FR 50510, Oct. 3, 2001]

**§ 586.704 Penalty imposition or withdrawal.**

(a) *No violation.* If, after considering any response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent named in the prepenalty notice, the Director shall notify the respondent in writing of that determination and the cancellation of the proposed monetary penalty.

(b) *Violation.* (1) If, after considering any written response to the prepenalty notice, or default in the submission of a written response, and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director is authorized to issue a written penalty notice to the respondent of the determination of violation and the imposition of the monetary penalty.

(2) The penalty notice shall inform the respondent that payment or arrangement for installment payment of the assessed penalty must be made within 30 days of the date of mailing of the penalty notice by the Office of Foreign Assets Control.

(3) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer iden-

tification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

(4) The issuance of the penalty notice finding a violation and imposing a monetary penalty shall constitute final agency action. The respondent has the right to seek judicial review of that final agency action in federal district court.

[66 FR 50511, Oct. 3, 2001]

**§ 586.705 Administrative collection; referral to United States Department of Justice.**

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of the penalty notice, the matter may be referred for administrative collection measures by the Department of the Treasury or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in federal district court.

[66 FR 50511, Oct. 3, 2001]

**Subpart H—Procedures**

**§ 586.801 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 subpart D of part 501 of this chapter.

**§ 586.802 Delegation by the Secretary of the Treasury.**

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 13088 (63 FR 32109, June 12, 1998), and any further Executive orders relating to the national emergency declared in Executive Order 13088, may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

**§ 586.901**

**Subpart I—Paperwork Reduction Act**

**§ 586.901 Paperwork Reduction Act notice.**

For approval by OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping 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.

**PART 587—FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO) MILOSEVIC SANCTIONS REGULATIONS**

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

Sec.

587.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

587.201 Prohibited transactions involving blocked property.  
587.202 Effect of transfers violating the provisions of this part.  
587.203 Holding of funds in interest-bearing accounts; investment and reinvestment.  
587.204 Evasions; attempts; conspiracies.  
587.205 Expenses of maintaining blocked property; liquidation of blocked account.  
587.206 Exempt transactions.

**Subpart C—General Definitions**

587.301 Blocked account; blocked property.  
587.302 Effective date.  
587.303 Entity.  
587.304 Information or informational materials.  
587.305 Interest.  
587.306 Licenses; general and specific.  
587.307 Person.  
587.308 Property; property interest.  
587.309 Transfer.  
587.310 United States.  
587.311 U.S. financial institution.  
587.312 United States person; U.S. person.

**31 CFR Ch. V (7–1–02 Edition)**

**Subpart D—Interpretations**

587.401 Reference to amended sections.  
587.402 Effect of amendment.  
587.403 Termination and acquisition of an interest in blocked property.  
587.404 Transactions incidental to a licensed transaction.  
587.405 Provision of services.  
587.406 Offshore transactions.  
587.407 Payments from blocked accounts to satisfy obligations prohibited.  
587.408 Credit extended and cards issued by U.S. financial institutions.  
587.409 Setoffs prohibited.

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

587.501 General and specific licensing procedures.  
587.502 Effect of license or authorization.  
587.503 Exclusion from licenses.  
587.504 Payments and transfers to blocked accounts in U.S. financial institutions.  
587.505 Entries in certain accounts for normal service charges authorized.  
587.506 Investment and reinvestment of certain funds.  
587.507 Provision of certain legal services authorized.  
587.508 Authorization of emergency medical services.

**Subpart F—Reports**

587.601 Records and reports.

**Subpart G—Penalties**

587.701 Penalties.  
587.702 Prepenalty notice.  
587.703 Response to prepenalty notice; informal settlement.  
587.704 Penalty imposition or withdrawal.  
587.705 Administrative collection; referral to United States Department of Justice.

**Subpart H—Procedures**

587.801 Procedures.  
587.802 Delegation by the Secretary of the Treasury.

**Subpart I—Paperwork Reduction Act**

587.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 22 U.S.C. 287c, 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; E.O. 13088, 63 FR 32109, 3 CFR, 98 Comp, p. 191; E.O. 13121, 64 FR 24021, 3 CFR, 99 Comp, p. 176; E.O. 13192, 65 FR 7379, January 23, 2001.

SOURCE: 66 FR 50511, Oct. 3, 2001, unless otherwise noted.

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

#### § 587.101 Relation of this part to other laws and regulations.

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. 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. Differing foreign policy and national security circumstances may result in differing interpretations of similar language among the parts of this chapter. 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. No license contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 587.201 Prohibited transactions involving blocked property.

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses or otherwise, and notwithstanding any contracts entered into or any license or permit granted prior to the effective date, property or interests in property of any person designated below 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, are blocked and may not be transferred, paid, exported, withdrawn or otherwise dealt in:

(1) Any person listed in the Annex to Executive Order 13192 of January 17, 2001 (66 FR 7379, January 23, 2001); and

(2) Any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) To be under open indictment by the International Criminal Tribunal for the former Yugoslavia, subject to applicable laws and procedures;

(ii) To have sought, or to be seeking, through repressive measures or otherwise, to maintain or reestablish illegitimate control over the political processes or institutions or the economic resources or enterprises of the Federal Republic of Yugoslavia, the Republic of Serbia, the Republic of Montenegro or the territory of Kosovo;

(iii) To have provided material support or resources to any person designated in the Annex to Executive Order 13192 or any person otherwise designated by the Secretary of the Treasury pursuant to this section; or

(iv) To be owned or controlled by or acting or purporting to act directly or indirectly for or on behalf of any person designated in the Annex to Executive Order 13192 or any person otherwise designated by the Secretary of the Treasury pursuant to this section.

NOTE TO PARAGRAPH (a) OF § 587.201: Persons designated pursuant to § 587.201(a)(1) or (2) are listed with the acronym [FRYM] in appendix A to 31 CFR chapter V. Section 501.807 of this chapter V sets forth the procedures to be followed by persons seeking administrative reconsideration of their designation or who wish to assert that the circumstances resulting in designation no longer apply. Similarly, 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 to 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.

(b) Except as authorized by regulations, orders, directives, rulings, instructions, licenses or otherwise, and notwithstanding any contracts entered into or any license or permit granted prior to the effective date, any transaction or dealing by U.S. persons, wherever located, or within the United States in property or interests in property of any person designated in or pursuant to § 587.201(a) are prohibited.

(c) Unless otherwise authorized by this part or by a specific license expressly referring to this section, any dealing in any security (or evidence thereof) held within the possession or control of a U.S. person and either registered or inscribed in the name of or

known to be held for the benefit of any person designated in or pursuant to § 587.201(a) is prohibited. This prohibition includes but is not limited to the transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of any such security or the endorsement or guaranty of signatures on any such security. This prohibition applies irrespective of the fact that at any time (whether prior to, on, or subsequent to the effective date) the registered or inscribed owner of any such security may have or might appear to have assigned, transferred, or otherwise disposed of the security.

**§ 587.202 Effect of transfers violating the provisions of this part.**

(a) Any transfer after the effective date that is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, or license issued pursuant to this part, and that involves any property or interest in property blocked pursuant to § 587.201(a), 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 or property interests.

(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 any interest in, any property or interest in property blocked pursuant to § 587.201(a), unless the person with whom such property is held or maintained, prior to that 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 make it enforceable to the same extent that it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act, this part, and any regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(d) Transfers of property that 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 issued 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 withholding of material facts or was otherwise fraudulently obtained; and

(3) 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 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 issued pursuant to this part;

(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 withholding of material facts or was otherwise fraudulently obtained.

NOTE TO PARAGRAPH (d) OF § 587.202: The filing of a report in accordance with the provisions of paragraph (d)(3) of this section shall not be deemed evidence that the terms of paragraphs (d)(1) and (d)(2) of this section have been satisfied.

(e) Unless licensed 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 of § 587.201 there existed an interest of a person designated in or pursuant to § 587.201(a).

**§ 587.203 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraph (c) or (d) of this section, or as otherwise directed by the Office of Foreign Assets Control, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations subject to § 587.201(a) shall hold or place such funds in a blocked interest-bearing account located in the United States.

(b)(1) For purposes of this section, the term *blocked interest-bearing account* means a blocked account:

(i) In a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates that are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, provided the funds are invested in a money market fund or in U.S. Treasury bills.

(2) For purposes of this section, a rate is commercially reasonable if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(3) Funds held or placed in a blocked account pursuant to this paragraph (b) may not be invested in instruments the maturity of which exceeds 180 days. If interest is credited to a separate blocked account or subaccount, the name of the account party on each account must be the same.

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 587.201(a) may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (b) or (d) of this section.

(d) Blocked funds held in accounts or instruments outside the United States

at the time the funds become subject to § 587.201(a) may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates that are commercially reasonable.

(e) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such property at the time the property becomes subject to § 587.201(a). However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales in appropriate cases.

(f) Funds subject to this section may not be held, invested, or reinvested in a manner that provides immediate financial or economic benefit or access to any person designated in or pursuant to § 587.201(a), nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

**§ 587.204 Evasions; attempts; conspiracies.**

(a) Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any transaction by any U.S. person or within the United States on or after the effective date that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this part is prohibited.

(b) Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is prohibited.

**§ 587.205 Expenses of maintaining blocked property; liquidation of blocked account.**

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or contract entered into or any license or permit granted before 12:01 a.m., eastern standard time, January 19, 2001, all expenses incident to the

maintenance of physical property blocked pursuant to § 587.201(a) shall be the responsibility of the owners or operators of such property, which expenses shall not be met from blocked funds.

(b) Property blocked pursuant to § 587.201(a) may, in the discretion of the Director, Office of Foreign Assets Control, be sold or liquidated and the net proceeds placed in a blocked interest-bearing account in the name of the owner of the property.

**§ 587.206 Exempt transactions.**

(a) *Personal communications.* The prohibitions contained in this part do not apply to any postal, telegraphic, telephonic, or other personal communication that does not involve the transfer of anything of value.

(b) *Humanitarian donations.* The prohibitions contained in this part do not apply to donations by U.S. persons of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering.

(c) *Information or informational materials.* (1) The importation from any country and the exportation to any country of information or informational materials, as defined in § 587.304, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions of this part.

(2) This section does not exempt from regulation or authorize transactions related to information or informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services. Such prohibited transactions include, but are not limited to, payment of advances for information or informational materials not yet created and completed (with the exception of prepaid subscriptions for widely-circulated magazines and other periodical publications); provision of services to market, produce or co-produce, create, or assist in the creation of information or informational materials; and, with respect to information or informational materials imported from persons designated in or pursuant to

§ 587.201(a), payment of royalties with respect to income received for enhancements or alterations made by U.S. persons to such information or informational materials.

(3) This section does not exempt or authorize transactions incident to the exportation of software subject to the Export Administration Regulations, 15 CFR parts 730 through 774, or to the exportation of goods, technology or software, or to the provision, sale, or leasing of capacity on telecommunications transmission facilities (such as satellite or terrestrial network connectivity) for use in the transmission of any data. The exportation of such items or services and the provision, sale, or leasing of such capacity or facilities to a person designated in or pursuant to § 587.201(a) are prohibited.

(d) *Travel.* The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including exportation or importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages.

**Subpart C—General Definitions**

**§ 587.301 Blocked account; blocked property.**

The terms *blocked account* and *blocked property* shall mean any account or property subject to the prohibitions in § 587.201 held in the name of a person designated in or pursuant to § 587.201(a), or in which a person designated in or pursuant to § 587.201(a) 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 the Office of Foreign Assets Control expressly authorizing such action.

**§ 587.302 Effective date.**

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this



part, which is 12:01 a.m. eastern standard time, January 19, 2001, or, in the case of any person designated pursuant to § 587.201(a)(2), the earlier of the date on which a person receives actual or constructive notice of such designation.

**§ 587.303 Entity.**

The term *entity* means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization.

**§ 587.304 Information or informational materials.**

(a) For purposes of this part, the term *information or informational materials* includes, but is not limited to publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

NOTE TO PARAGRAPH (a) OF § 587.304. To be considered information or informational materials, artworks must be classified under chapter heading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The term *information or informational materials* with respect to United States exports does not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420 (1979) (the "EAA"), or section 6 of the EAA to the extent that such controls promote the nonproliferation or antiterrorism policies of the United States; or

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

**§ 587.305 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.

**§ 587.306 Licenses; general and specific.**

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

(b) The term *general license* means any license or authorization the terms

of which are set forth in subpart E of this part.

(c) The term *specific license* means any license or authorization not set forth in subpart E of this part but issued pursuant to this part.

NOTE TO § 587.306: See § 501.801 of this chapter on licensing procedures.

**§ 587.307 Person.**

The term *person* means an individual or entity.

**§ 587.308 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, guarantees, 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.

**§ 587.309 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

## § 587.310

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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

### § 587.310 United States.

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

### § 587.311 U.S. financial institution.

The term *U.S. financial institution* means any U.S. entity (including its 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 that are lo-

## 31 CFR Ch. V (7-1-02 Edition)

cated in the United States, but not such institutions' foreign branches, offices, or agencies.

### § 587.312 United States person; U.S. person.

The term *United States person* or *U.S. person* means any United States citizen, permanent resident alien, entity 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.

## Subpart D—Interpretations

### § 587.401 Reference to amended sections.

Except as otherwise specified, reference to any provision in or appendix to this part or chapter or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part refers to the same as currently amended.

### § 587.402 Effect of amendment.

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter 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 does not affect any act done or omitted, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

### § 587.403 Termination and acquisition of an interest in blocked property.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a person, such property shall no longer be deemed to be property blocked pursuant to § 587.201(a), unless there exists in the property another interest that is blocked pursuant to § 587.201(a) or any other part of this

chapter, 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 a person designated in or pursuant to § 587.201(a), such property shall be deemed to be property in which that person has an interest and therefore blocked.

**§ 587.404 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) An incidental transaction, not explicitly authorized within the terms of the license, by or with a person whose property or interests in property are blocked pursuant to § 587.201(a); or

(b) An incidental transaction, not explicitly authorized within the terms of the license, involving a debit or credit to a blocked account or a transfer of blocked property.

**§ 587.405 Provision of services.**

(a) Except as provided in § 587.206, the prohibitions contained in § 587.201 apply to services performed by U.S. persons, wherever located:

(1) On behalf of or for the benefit of a person designated in or pursuant to § 587.201(a); or

(2) With respect to property interests of a person designated in or pursuant to § 587.201(a).

(b) *Example:* U.S. persons may not, except as authorized by or pursuant to this part, provide legal, accounting, financial, brokering, freight forwarding, transportation, public relations, or other services to a person designated in or pursuant to § 587.201(a). See §§ 587.507 and 587.508, respectively, on licensing policy with regard to the provision of certain legal or medical services.

**§ 587.406 Offshore transactions.**

The prohibitions in § 587.201 apply to transactions by any U.S. person in a location outside the United States with respect to property that the U.S. person knows, or has reason to know, is

held in the name of a person designated in or pursuant to § 587.201(a) or in which the U.S. person knows, or has reason to know, a person designated in or pursuant to § 587.201(a) has or has had an interest since the effective date.

**§ 587.407 Payments from blocked accounts to satisfy obligations prohibited.**

Pursuant to § 587.201, no debits may be made to a blocked account to pay obligations to U.S. persons or other persons, except as authorized pursuant to this part.

**§ 587.408 Credit extended and cards issued by U.S. financial institutions.**

Section 587.201 on dealing in property in which a person designated in or pursuant to § 587.201(a) has an interest prohibits U.S. financial institutions from performing under any existing credit agreements, including, but not limited to, charge cards, debit cards, or other credit facilities issued by a U.S. financial institution to a person designated in or pursuant to § 587.201(a).

**§ 587.409 Setoffs prohibited.**

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 587.201 if effected after the effective date.

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

**§ 587.501 General and specific licensing procedures.**

For provisions relating to licensing procedures, see part 501, subpart D 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.

**§ 587.502 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, authorizes or validates any transaction effected prior to the

### § 587.503

issuance of the license, unless specifically provided in such licenses 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 contained in this part 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.

### § 587.503 Exclusion from licenses.

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 conferred by any license. The Director of the Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

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

Any payment of funds or transfer of credit in which a person designated in or pursuant to § 587.201(a) has any interest, that comes within the possession or control of a U.S. financial institution, must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between

### 31 CFR Ch. V (7-1-02 Edition)

blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be made to another blocked account held in the same name.

NOTE TO § 587.504. Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 587.203 concerning the obligation to hold blocked funds in interest-bearing accounts.

### § 587.505 Entries in certain accounts for normal service charges authorized.

(a) A U.S. financial institution is authorized to debit any blocked account held at that financial institution in payment or reimbursement for normal service charges owed it by the owner of that blocked account.

(b) As used in this section, the term normal service charge shall include charges in payment or reimbursement for interest due; cable, telegraph, internet, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photocopies, credit reports, transcripts of statements, registered mail, insurance, stationery and supplies, and other similar items.

### § 587.506 Investment and reinvestment of certain funds.

Subject to the requirements of § 587.201, U.S. financial institutions are authorized to invest and reinvest assets blocked pursuant to § 587.201, subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or subaccount which is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but funds shall not be transferred outside the United States for this purpose;

(b) The proceeds of such investments and reinvestments shall not be credited to a blocked account or subaccount under any name or designation that

differs from the name or designation of the specific blocked account or sub-account in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (e.g., through pledging or other use) to persons designated in or pursuant to § 587.201(a).

**§ 587.507 Provision of certain legal services authorized.**

(a) Provision of the legal services set forth in paragraph (b) of this section to or on behalf of persons designated in or pursuant to § 587.201(a) is authorized, provided that all receipts of payment of professional fees and reimbursement of incurred expenses must be specifically licensed.

(b) Specific licenses may be issued on a case-by-case basis authorizing receipt from unblocked sources of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to persons specified in paragraph (a) of this section:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling is not provided to facilitate transactions in violation of this part;

(2) Representation of persons when named as defendants in or otherwise made parties to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation and conduct of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction;

(4) Representation of persons before any federal or state agency with respect to the imposition, administration, or enforcement of U.S. sanctions against such persons; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) Provision of any other legal services to persons designated in or pursuant to § 587.201(a), not otherwise authorized in this part, requires the issuance of a specific license.

(d) Entry into a settlement agreement affecting property or interests in

property or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property or interests in property blocked pursuant to § 587.201 is prohibited unless specifically licensed in accordance with § 587.202(e).

**§ 587.508 Authorization of emergency medical services.**

The provision of nonscheduled emergency medical services in the United States to persons designated in or pursuant to § 587.201(a) is authorized, provided that all receipt of payment for such services must be specifically licensed.

**Subpart F—Reports**

**§ 587.601 Records and reports.**

For provisions relating to required records and reports, see part 501, subpart C, of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

**Subpart G—Penalties**

**§ 587.701 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 adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that:

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

(2) Whoever willfully violates or willfully attempts to violate any license, order, or regulation issued under the Act, upon conviction, shall be fined not

**§ 587.702**

more than \$50,000 and, if a natural person, may also be imprisoned for not more than 10 years; 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 directed to section 5 of 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, upon conviction, shall be fined not more than \$10,000 and, if a natural person, may also be imprisoned for not more than 10 years; and the officer, director, or agent of any corporation who knowingly participates in such violation or evasion shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with her tackles, 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.

(d) Attention is also directed to 18 U.S.C. 1001, which provides that whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device, a material fact, or makes any materially false, fictitious, or fraudulent statement or representation, or makes or uses any false writing or document knowing the same to contain any materially 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) Violations of this part may also be subject to relevant provisions of other applicable laws.

**31 CFR Ch. V (7-1-02 Edition)**

**§ 587.702 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, the Director shall notify the alleged violator of the agency's intent to impose a monetary penalty by issuing a prepenalty notice. The prepenalty notice shall be in writing. The prepenalty notice may be issued whether or not another agency has taken any action with respect to the matter.

(b) *Contents of notice—(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 respond.* The prepenalty notice also shall inform the respondent of respondent's right to make a written presentation within the applicable 30 day period set forth in § 587.703 as to why a monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

(c) *Informal settlement prior to issuance of prepenalty notice.* At any time prior to the issuance of a prepenalty notice, an alleged violator may request in writing that, for a period not to exceed sixty (60) days, the agency withhold issuance of the prepenalty notice for the exclusive purpose of effecting settlement of the agency's potential civil monetary penalty claims. In the event the Director grants the request, under terms and conditions within his discretion, the Office of Foreign Assets Control will agree to withhold issuance of the prepenalty notice for a period not to exceed 60 days and will enter into settlement negotiations of the potential civil monetary penalty claim.

**§ 587.703 Response to prepenalty notice; informal settlement.**

(a) *Deadline for response.* The respondent may submit a response to the prepenalty notice within the applicable 30 day period set forth in this paragraph. The Director may grant, at his discretion, an extension of time in which to submit a response to the prepenalty notice. The failure to submit a response within the applicable time period set forth in this paragraph shall be deemed to be a waiver of the right to respond.

(1) *Computation of time for response.* A response to the prepenalty notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier) on or before the 30th day after the postmark date on the envelope in which the prepenalty notice was mailed. If the respondent refused delivery or otherwise avoided receipt of the prepenalty notice, a response must be postmarked or date-stamped on or before the 30th day after the date on the stamped postal receipt maintained at the Office of Foreign Assets Control. If the prepenalty notice was personally delivered to the respondent by a non-U.S. Postal Service agent authorized by the Director, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

(2) *Extensions of time for response.* If a due date falls on a federal holiday or weekend, that due date is extended to include the following business day. Any other extensions of time will be granted, at the Director's discretion, only upon the respondent's specific request to the Office of Foreign Assets Control.

(b) *Form and method of response.* The response must be submitted in writing and may be handwritten or typed. The response need not be in any particular form. A copy of the written response may be sent by facsimile, but the original also must be sent to the Office of Foreign Assets Control Civil Penalties Division by mail or courier and must be postmarked or date-stamped, in accordance with paragraph (a) of this section.

(c) *Contents of response.* A written response must contain information suffi-

cient to indicate that it is in response to the prepenalty notice.

(1) A written response must include the respondent's full name, address, telephone number, and facsimile number, if available, or those of the representative of the respondent.

(2) A written response should either admit or deny each specific violation alleged in the prepenalty notice and also state if the respondent has no knowledge of a particular violation. If the written response fails to address any specific violation alleged in the prepenalty notice, that alleged violation shall be deemed to be admitted.

(3) A written response should include any information in defense, evidence in support of an asserted defense, or other factors that the respondent requests the Office of Foreign Assets Control to consider. Any defense or explanation previously made to the Office of Foreign Assets Control or any other agency must be repeated in the written response. Any defense not raised in the written response will be considered waived. The written response also should set forth the reasons why the respondent believes the penalty should not be imposed or why, if imposed, it should be in a lesser amount than proposed.

(d) *Default.* If the respondent elects not to submit a written response within the time limit set forth in paragraph (a) of this section, the Office of Foreign Assets Control will conclude that the respondent has decided not to respond to the prepenalty notice. The agency generally will then issue a written penalty notice imposing the penalty proposed in the prepenalty notice.

(e) *Informal settlement.* In addition to or as an alternative to a written response to a prepenalty notice, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. However, the requirements set forth in paragraph (f) of this section as to oral communication by the representative must first be fulfilled. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent

## § 587.704

will not be required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the time limit specified in paragraph (a) of this section for written response to the prepenalty notice will remain in effect unless additional time is granted by the Office of Foreign Assets Control.

(f) *Representation.* A representative of the respondent may act on behalf of the respondent, but any oral communication with the Office of Foreign Assets Control prior to a written submission regarding the specific allegations contained in the prepenalty notice must be preceded by a written letter of representation, unless the prepenalty notice was served upon the respondent in care of the representative.

### § 587.704 Penalty imposition or withdrawal.

(a) *No violation.* If, after considering any response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent named in the prepenalty notice, the Director shall notify the respondent in writing of that determination and of the cancellation of the proposed monetary penalty.

(b) *Violation.* (1) If, after considering any written response to the prepenalty notice, or default in the submission of a written response, and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director is authorized to issue a written penalty notice to the respondent of the determination of violation and the imposition of the monetary penalty.

(2) The penalty notice shall inform the respondent that payment or arrangement for installment payment of the assessed penalty must be made within 30 days of the date of mailing of

## 31 CFR Ch. V (7-1-02 Edition)

the penalty notice by the Office of Foreign Assets Control.

(3) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

(4) The issuance of the penalty notice finding a violation and imposing a monetary penalty shall constitute final agency action. The respondent has the right to seek judicial review of that final agency action in federal district court.

### § 587.705 Administrative collection; referral to United States Department of Justice.

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of the penalty notice, the matter may be referred for administrative collection measures by the Department of the Treasury or 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

### § 587.801 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 D, of this chapter.

### § 587.802 Delegation by the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant to Executive Order 13192 of January 17, 2001 (66 FR 7379, January 23, 2001) and any further Executive orders relating to the national emergency declared in Executive Order 13088 of June 9, 1988 (63 FR 32109, June 12, 1998) may be taken by the Director of the Office of Foreign Assets Control or by any



other person to whom the Secretary of the Treasury has delegated authority so to act.

### Subpart I—Paperwork Reduction Act

#### § 587.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures (including those pursuant to statements of licensing policy), and 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.

## PART 588—WESTERN BALKANS STABILIZATION REGULATIONS

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

Sec.

588.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

588.201 Prohibited transactions involving blocked property.  
 588.202 Effect of transfers violating the provisions of this part.  
 588.203 Holding of funds in interest-bearing accounts; investment and reinvestment.  
 588.204 Evasions; attempts; conspiracies.  
 588.205 Expenses of maintaining blocked property; liquidation of blocked account.  
 588.206 Exempt transactions.

### Subpart C—General Definitions

588.301 Blocked account; blocked property.  
 588.302 Effective date.  
 588.303 Entity.  
 588.304 Information or informational materials.  
 588.305 Interest.  
 588.306 Licenses; general and specific.  
 588.307 Person.  
 588.308 Property; property interest.  
 588.309 Transfer.  
 588.310 United States.  
 588.311 U.S. financial institution.  
 588.312 United States person; U.S. person.

### Subpart D—Interpretations

588.401 Reference to amended sections.  
 588.402 Effect of amendment.  
 588.403 Termination and acquisition of an interest in blocked property.  
 588.404 Transactions incidental to a licensed transaction.  
 588.405 Provision of services.  
 588.406 Offshore transactions.  
 588.407 Payments from blocked accounts to satisfy obligations prohibited.  
 588.408 Charitable contributions.  
 588.409 Credit extended and cards issued by U.S. financial institutions.  
 588.410 Setoffs prohibited.

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

588.501 General and specific licensing procedures.  
 588.502 Effect of license or authorization.  
 588.503 Exclusion from licenses.  
 588.504 Payments and transfers to blocked accounts in U.S. financial institutions.  
 588.505 Entries in certain accounts for normal service charges authorized.  
 588.506 Investment and reinvestment of certain funds.  
 588.507 Provision of certain legal services authorized.  
 588.508 Authorization of emergency medical services.

### Subpart F—Reports

588.601 Records and reports.

### Subpart G—Penalties

588.701 Penalties.  
 588.702 Prepenalty notice.  
 588.703 Response to prepenalty notice; informal settlement.  
 588.704 Penalty imposition or withdrawal.  
 588.705 Administrative collection; referral to United States Department of Justice.

### Subpart H—Procedures

588.801 Procedures.  
 588.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

588.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; E.O. 13219, 66 FR 34777, June 29, 2001, 3 CFR, 2001 Comp., p. 778.

SOURCE: 67 FR 37673, May 30, 2002, unless otherwise noted.

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

#### § 588.101 Relation of this part to other laws and regulations.

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. 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. Differing foreign policy and national security circumstances may result in differing interpretations of similar language among the parts of this chapter. 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. No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 588.201 Prohibited transactions involving blocked property.

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses or otherwise, and notwithstanding any contracts entered into or any license or permit granted prior to the effective date, property or interests in property of the following persons 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, are blocked and may not be transferred, paid, exported, withdrawn or otherwise dealt in:

(1) Any person listed in the Annex to Executive Order 13219 of June 26, 2001 (3 CFR, 2001 Comp., p. 778); and

(2) Any person designated by the Secretary of the Treasury, in consultation with the Secretary of State, because they are found:

(i) To have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of threatening the peace in or diminishing the stability or security of any area or state in the Western Balkans region, undermining the authority, efforts, or objectives of international organizations or entities present in the region, or endangering the safety of persons participating in or providing support to the activities of those international organizations or entities; or

(ii) To have actively obstructed, or to pose a significant risk of actively obstructing, implementation of the Dayton Accords in Bosnia or United Nations Security Council Resolution 1244 of June 10, 1999, in Kosovo; or

(iii) Materially to assist in, sponsor, or provide financial support for, or goods or services in support of, such acts of violence and obstructionism; or

(iv) To be owned or controlled by, or acting or purporting to act directly or indirectly for or on behalf of, any person designated in the Annex to Executive Order 13219 or any person otherwise designated by the Secretary of the Treasury pursuant to this section.

NOTE TO PARAGRAPH (a) OF § 588.201: The names of persons whose property or interests in property are blocked pursuant to paragraph (a) of this section will be published on OFAC's website, announced in the FEDERAL REGISTER and incorporated on an ongoing basis with the identifier [BALKANS] into appendix A to 31 CFR chapter V. Section 501.807 of this chapter V sets forth the procedures to be followed by persons seeking administrative reconsideration of their designation pursuant to paragraph (a)(2) of this section or who wish to assert that the circumstances resulting in designation no longer apply. Similarly, 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 to 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.

(b) The blocking of property and interests in property pursuant to paragraph (a) of this section includes, but is not limited to, the prohibition of the making or receiving by a United States person of any contribution or provision of funds, goods or services to or for the benefit of a person whose property or

interests in property are blocked pursuant to paragraph (a) of this section.

(c) Unless otherwise authorized by this part or by a specific license expressly referring to this section, any dealing in any security (or evidence thereof) held within the possession or control of a U.S. person and either registered or inscribed in the name of or known to be held for the benefit of any person whose property or interests in property are blocked pursuant to paragraph (a) of this section is prohibited. This prohibition includes but is not limited to the transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of any such security or the endorsement or guaranty of signatures on any such security. This prohibition applies irrespective of the fact that at any time (whether prior to, on, or subsequent to the effective date) the registered or inscribed owner of any such security may have or might appear to have assigned, transferred, or otherwise disposed of the security.

**§ 588.202 Effect of transfers violating the provisions of this part.**

(a) Any transfer after the effective date that is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, or license issued pursuant to this part, and that involves any property or interest in property blocked pursuant to § 588.201(a), 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 or property interests.

(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 any interest in, any property or interest in property blocked pursuant to § 588.201(a), unless the person with whom such property is held or maintained, prior to that 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 make it enforceable to the same extent that it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), this part, and any regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(d) Transfers of property that 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 issued 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 withholding of material facts or was otherwise fraudulently obtained; and

(3) 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 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 issued pursuant to this part;

(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

## § 588.203

party or withholding of material facts or was otherwise fraudulently obtained.

NOTE TO PARAGRAPH (d) OF § 588.202: The filing of a report in accordance with the provisions of paragraph (d)(3) of this section shall not be deemed evidence that the terms of paragraphs (d)(1) and (d)(2) of this section have been satisfied.

(e) Unless licensed 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 a person whose property or interests in property are blocked pursuant to § 588.201(a).

### **§ 588.203 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraph (c) or (d) of this section, or as otherwise directed by the Office of Foreign Assets Control, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations subject to § 588.201(a) shall hold or place such funds in a blocked interest-bearing account located in the United States.

(b)(1) For purposes of this section, the term blocked *interest-bearing account* means a blocked account:

(i) In a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates that are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.), provided the funds are invested in a money market fund or in U.S. Treasury bills.

(2) For purposes of this section, a rate is commercially reasonable if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(3) Funds held or placed in a blocked account pursuant to this paragraph (b) may not be invested in instruments the maturity of which exceeds 180 days. If interest is credited to a separate blocked account or subaccount, the name of the account party on each account must be the same.

## 31 CFR Ch. V (7-1-02 Edition)

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 588.201(a) may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (b) or (d) of this section.

(d) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject to § 588.201(a) may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates that are commercially reasonable.

(e) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such property at the time the property becomes subject to § 588.201(a). However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales in appropriate cases.

(f) Funds subject to this section may not be held, invested, or reinvested in a manner that provides immediate financial or economic benefit or access to any person whose property or interests in property are blocked pursuant to § 588.201(a), nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

### **§ 588.204 Evasions; attempts; conspiracies.**

(a) Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any transaction by any U.S. person or within the United States on or after the effective date that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this part is prohibited.

(b) Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any conspiracy formed for the purpose of

engaging in a transaction prohibited by this part is prohibited.

**§ 588.205 Expenses of maintaining blocked property; liquidation of blocked account.**

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or contract entered into or any license or permit granted before 12:01 a.m., eastern daylight time, June 27, 2001, all expenses incident to the maintenance of physical property blocked pursuant to § 588.201(a) shall be the responsibility of the owners or operators of such property, which expenses shall not be met from blocked funds.

(b) Property blocked pursuant to § 588.201(a) may, in the discretion of the Director, Office of Foreign Assets Control, be sold or liquidated and the net proceeds placed in a blocked interest-bearing account in the name of the owner of the property.

**§ 588.206 Exempt transactions.**

(a) *Personal communications.* The prohibitions contained in this part do not apply to any postal, telegraphic, telephonic, or other personal communication that does not involve the transfer of anything of value.

(b) *Information or informational materials.* (1) The importation from any country and the exportation to any country of information or informational materials, as defined in § 588.304, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions of this part.

(2) This section does not exempt from regulation or authorize transactions related to information or informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services. Such prohibited transactions include, but are not limited to, payment of advances for information or informational materials not yet created and completed (with the exception of prepaid subscriptions for widely-circulated magazines and other periodical

publications); provision of services to market, produce or co-produce, create, or assist in the creation of information or informational materials; and, with respect to information or informational materials imported from persons whose property or interests in property are blocked pursuant to § 588.201(a), payment of royalties with respect to income received for enhancements or alterations made by U.S. persons to such information or informational materials.

(3) This section does not exempt or authorize transactions incident to the exportation of software subject to the Export Administration Regulations, 15 CFR parts 730-774, or to the exportation of goods, technology or software, or to the provision, sale, or leasing of capacity on telecommunications transmission facilities (such as satellite or terrestrial network connectivity) for use in the transmission of any data. The exportation of such items or services and the provision, sale, or leasing of such capacity or facilities to a person whose property or interests in property are blocked pursuant to § 588.201(a) are prohibited.

(c) *Travel.* The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including exportation or importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages.

**Subpart C—General Definitions**

**§ 588.301 Blocked account; blocked property.**

The terms *blocked account* and *blocked property* shall mean any account or property subject to the prohibitions in § 588.201 held in the name of a person whose property or interests in property are blocked pursuant to § 588.201(a), or in which such person 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 the Office of

## § 588.302

Foreign Assets Control expressly authorizing such action.

### § 588.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part as follows:

(a) With respect to a person whose property or interests in property are blocked pursuant to § 588.201(a)(1), 12:01 a.m. eastern daylight time, June 27, 2001;

(b) With respect to a person whose property or interests in property are blocked pursuant to § 588.201(a)(2), the earlier of the date on which is received actual or constructive notice of such person's designation by the Secretary of the Treasury.

### § 588.303 Entity.

The term *entity* means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization.

### § 588.304 Information or informational materials.

(a) For purposes of this part, the term *information or informational materials* includes, but is not limited to, publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

NOTE TO PARAGRAPH (a) OF § 588.304. To be considered information or informational materials, artworks must be classified under chapter heading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The term *information or informational materials*, with respect to United States exports, does not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420 (1979) (the "EAA"), or section 6 of the EAA to the extent that such controls promote the nonproliferation or antiterrorism policies of the United States; or

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

## 31 CFR Ch. V (7-1-02 Edition)

### § 588.305 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.

### § 588.306 Licenses; general and specific.

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

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

(c) The term *specific license* means any license or authorization not set forth in subpart E of this part but issued pursuant to this part.

NOTE TO § 588.306: See § 501.801 of this chapter on licensing procedures.

### § 588.307 Person.

The term *person* means an individual or entity.

### § 588.308 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, guarantees, 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.

**§ 588.309 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

**§ 588.310 United States.**

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

**§ 588.311 U.S. financial institution.**

The term *U.S. financial institution* means any U.S. entity (including its 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 op-

tions, 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 that are located in the United States, but not such institutions' foreign branches, offices, or agencies.

**§ 588.312 United States person; U.S. person.**

The term *United States person* or *U.S. person* means any United States citizen, permanent resident alien, entity 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.

**Subpart D—Interpretations**

**§ 588.401 Reference to amended sections.**

Except as otherwise specified, reference to any provision in or appendix to this part or chapter or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part refers to the same as currently amended.

**§ 588.402 Effect of amendment.**

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter 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 does not affect any act done or omitted, 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 continue and may

### § 588.403

be enforced as if such amendment, modification, or revocation had not been made.

#### **§ 588.403 Termination and acquisition of an interest in blocked property.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a person, such property shall no longer be deemed to be property blocked pursuant to § 588.201(a), unless there exists in the property another interest that is blocked pursuant to § 588.201(a) or any other part of this chapter, 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 a person whose property or interests in property are blocked pursuant to § 588.201(a), such property shall be deemed to be property in which that person has an interest and therefore blocked.

#### **§ 588.404 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) An incidental transaction, not explicitly authorized within the terms of the license, by or with a person whose property or interests in property are blocked pursuant to § 588.201(a); or

(b) An incidental transaction, not explicitly authorized within the terms of the license, involving a debit to a blocked account or a transfer of blocked property.

#### **§ 588.405 Provision of services.**

(a) Except as provided in § 588.206, the prohibitions on transactions involving blocked property contained in § 588.201 apply to services performed in the United States or by U.S. persons, wherever located, including by an overseas branch of an entity located in the United States:

(1) On behalf of or for the benefit of a person whose property or interests in

### 31 CFR Ch. V (7-1-02 Edition)

property are blocked pursuant to § 588.201(a); or

(2) With respect to property interests subject to § 588.201.

(b) *Example:* U.S. persons may not, except as authorized by or pursuant to this part, provide legal, accounting, financial, brokering, freight forwarding, transportation, public relations, or other services to a person whose property or interests in property are blocked pursuant to § 588.201(a).

NOTE TO § 588.405: See §§ 588.507 and 588.508, respectively, on licensing policy with regard to the provision of certain legal or medical services.

#### **§ 588.406 Offshore transactions.**

The prohibitions in § 588.201 on transactions involving blocked property apply to transactions by any U.S. person in a location outside the United States with respect to property that the U.S. person knows, or has reason to know, is held in the name of a person whose property or interests in property are blocked pursuant to § 588.201(a) or in which the U.S. person knows, or has reason to know, a person whose property or interests in property are blocked pursuant to § 588.201(a) has or has had an interest since the effective date.

#### **§ 588.407 Payments from blocked accounts to satisfy obligations prohibited.**

Pursuant to § 588.201, no debits may be made to a blocked account to pay obligations to U.S. persons or other persons, except as authorized pursuant to this part.

#### **§ 588.408 Charitable contributions.**

Unless otherwise specifically authorized by the Office of Foreign Assets Control by or pursuant to this part, no charitable contribution or donation of funds, goods, services, or technology may be made to or for the benefit of a person whose property or interests in property are blocked pursuant to § 588.201(a). For purposes of this part, a contribution or donation is made to or for the benefit of a person whose property or interests in property are blocked pursuant to § 588.201(a) if made to or in the name of such a person; if made to or in the name of an entity or



individual acting for or on behalf of, or owned or controlled by, such a person; or if made in an attempt to violate, to evade or to avoid the bar on the provision of contributions or donations to such a person.

**§ 588.409 Credit extended and cards issued by U.S. financial institutions.**

The prohibition in § 588.201 on dealing in property subject to that section prohibits U.S. financial institutions from performing under any existing credit agreements, including, but not limited to, charge cards, debit cards, or other credit facilities issued by a U.S. financial institution to a person whose property or interests in property are blocked pursuant to § 588.201(a).

**§ 588.410 Setoffs prohibited.**

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 588.201 if effected after the effective date.

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

**§ 588.501 General and specific licensing procedures.**

For provisions relating to licensing procedures, see part 501, subpart D, 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.

**§ 588.502 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, authorizes or validates 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, in-

struction, 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 contained in this part 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.

**§ 588.503 Exclusion from licenses.**

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 conferred by any license. The Director of the Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

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

Any payment of funds or transfer of credit in which a person whose property or interests in property are blocked pursuant to § 588.201(a) has any interest, that comes within the possession or control of a U.S. financial institution, must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be made to another blocked account held in the same name.

## § 588.505

NOTE TO § 588.504. Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 588.203 concerning the obligation to hold blocked funds in interest-bearing accounts.

### § 588.505 Entries in certain accounts for normal service charges authorized.

(a) A U.S. financial institution is authorized to debit any blocked account held at that financial institution in payment or reimbursement for normal service charges owed it by the owner of that blocked account.

(b) As used in this section, the term normal service charge shall include charges in payment or reimbursement for interest due; cable, telegraph, internet, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photocopies, credit reports, transcripts of statements, registered mail, insurance, stationery and supplies, and other similar items.

### § 588.506 Investment and reinvestment of certain funds.

Subject to the requirements of § 588.203, U.S. financial institutions are authorized to invest and reinvest assets blocked pursuant to § 588.201, subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or subaccount which is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but funds shall not be transferred outside the United States for this purpose;

(b) The proceeds of such investments and reinvestments shall not be credited to a blocked account or subaccount under any name or designation that differs from the name or designation of the specific blocked account or subaccount in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (e.g., through pledging or other use) to persons whose property or interests in property are blocked pursuant to § 588.201(a).

## 31 CFR Ch. V (7-1-02 Edition)

### § 588.507 Provision of certain legal services authorized.

(a) The provision of the following legal services to or on behalf of persons whose property or interests in property are blocked pursuant to § 588.201(a) is authorized, provided that all receipts of payment of professional fees and reimbursement of incurred expenses must be specifically licensed:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling are not provided to facilitate transactions in violation of this part;

(2) Representation of persons when named as defendants in or otherwise made parties to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation and conduct of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction;

(4) Representation of persons before any federal or state agency with respect to the imposition, administration, or enforcement of U.S. sanctions against such persons; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(b) The provision of any other legal services to persons whose property or interests in property are blocked pursuant to § 588.201(a), not otherwise authorized in this part, requires the issuance of a specific license.

(c) Entry into a settlement agreement affecting property or interests in property or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property or interests in property blocked pursuant to § 588.201(a) is prohibited unless specifically licensed in accordance with § 588.202(e).

### § 588.508 Authorization of emergency medical services.

The provision of nonscheduled emergency medical services in the United

States to persons whose property or interests in property are blocked pursuant to § 588.201(a) is authorized, provided that all receipt of payment for such services must be specifically licensed.

### Subpart F—Reports

#### § 588.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C, of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

### Subpart G—Penalties

#### § 588.701 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 adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that:

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

(2) Whoever willfully violates or willfully attempts to violate any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000, and if a natural person, may also be imprisoned for not more than 10 years; 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 jurisdic-

tion of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device, a material fact, or makes any materially false, fictitious, or fraudulent statement or representation, or makes or uses any false writing or document knowing the same to contain any materially 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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

#### § 588.702 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, the Director shall notify the alleged violator of the agency’s intent to impose a monetary penalty by issuing a prepenalty notice. The prepenalty notice shall be in writing. The prepenalty notice may be issued whether or not another agency has taken any action with respect to the matter.

(b) *Contents of notice—(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 respond.* The prepenalty notice also shall inform the respondent of the respondent’s right to make a written presentation within the applicable 30 day period set forth in § 588.703 as to why a monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

(c) *Informal settlement prior to issuance of prepenalty notice.* At any time prior to the issuance of a prepenalty notice,

an alleged violator may request in writing that, for a period not to exceed sixty (60) days, the agency withhold issuance of the prepenalty notice for the exclusive purpose of effecting settlement of the agency's potential civil monetary penalty claims. In the event the Director grants the request, under terms and conditions within his discretion, the Office of Foreign Assets Control will agree to withhold issuance of the prepenalty notice for a period not to exceed 60 days and will enter into settlement negotiations of the potential civil monetary penalty claim.

**§ 588.703 Response to prepenalty notice; informal settlement.**

(a) *Deadline for response.* The respondent may submit a response to the prepenalty notice within the applicable 30-day period set forth in this paragraph. The Director may grant, at his discretion, an extension of time in which to submit a response to the prepenalty notice. The failure to submit a response within the applicable time period set forth in this paragraph (a) shall be deemed to be a waiver of the right to respond.

(1) *Computation of time for response.* A response to the prepenalty notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier) on or before the 30th day after the postmark date on the envelope in which the prepenalty notice was mailed. If the respondent refused delivery or otherwise avoided receipt of the prepenalty notice, a response must be postmarked or date-stamped on or before the 30th day after the date on the stamped postal receipt maintained at the Office of Foreign Assets Control. If the prepenalty notice was personally delivered to the respondent by a non-U.S. Postal Service agent authorized by the Director, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

(2) *Extensions of time for response.* If a due date falls on a federal holiday or weekend, that due date is extended to include the following business day. Any other extensions of time will be granted, at the Director's discretion, only

upon the respondent's specific request to the Office of Foreign Assets Control.

(b) *Form and method of response.* The response must be submitted in writing and may be handwritten or typed. The response need not be in any particular form. A copy of the written response may be sent by facsimile, but the original also must be sent to the Office of Foreign Assets Control Civil Penalties Division by mail or courier and must be postmarked or date-stamped, in accordance with paragraph (a) of this section.

(c) *Contents of response.* A written response must contain information sufficient to indicate that it is in response to the prepenalty notice.

(1) A written response must include the respondent's full name, address, telephone number, and facsimile number, if available, or those of the representative of the respondent.

(2) A written response should either admit or deny each specific violation alleged in the prepenalty notice and also state if the respondent has no knowledge of a particular violation. If the written response fails to address any specific violation alleged in the prepenalty notice, that alleged violation shall be deemed to be admitted.

(3) A written response should include any information in defense, evidence in support of an asserted defense, or other factors that the respondent requests the Office of Foreign Assets Control to consider. Any defense or explanation previously made to the Office of Foreign Assets Control or any other agency must be repeated in the written response. Any defense not raised in the written response will be considered waived. The written response also should set forth the reasons why the respondent believes the penalty should not be imposed or why, if imposed, it should be in a lesser amount than proposed.

(d) *Default.* If the respondent elects not to submit a written response within the time limit set forth in paragraph (a) of this section, the Office of Foreign Assets Control will conclude that the respondent has decided not to respond to the prepenalty notice. The agency generally will then issue a written penalty notice imposing the penalty proposed in the prepenalty notice.

(e) *Informal settlement.* In addition to or as an alternative to a written response to a prepenalty notice, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. However, the requirements set forth in paragraph (f) of this section as to oral communication by the representative must first be fulfilled. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent will not be required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the time limit specified in paragraph (a) of this section for written response to the prepenalty notice will remain in effect unless additional time is granted by the Office of Foreign Assets Control.

(f) *Representation.* A representative of the respondent may act on behalf of the respondent, but any oral communication with the Office of Foreign Assets Control prior to a written submission regarding the specific allegations contained in the prepenalty notice must be preceded by a written letter of representation, unless the prepenalty notice was served upon the respondent in care of the representative.

**§ 588.704 Penalty imposition or withdrawal.**

(a) *No violation.* If, after considering any response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent named in the prepenalty notice, the Director shall notify the respondent in writing of that determination and of the cancellation of the proposed monetary penalty.

(b) *Violation.* (1) If, after considering any written response to the prepenalty

notice, or default in the submission of a written response, and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director is authorized to issue a written penalty notice to the respondent of the determination of the violation and the imposition of the monetary penalty.

(2) The penalty notice shall inform the respondent that payment or arrangement for installment payment of the assessed penalty must be made within 30 days of the date of mailing of the penalty notice by the Office of Foreign Assets Control.

(3) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

(4) The issuance of the penalty notice finding a violation and imposing a monetary penalty shall constitute final agency action. The respondent has the right to seek judicial review of that final agency action in federal district court.

**§ 588.705 Administrative collection; referral to United States Department of Justice.**

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of the penalty notice, the matter may be referred for administrative collection measures by the Department of the Treasury or 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**

**§ 588.801 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.

## § 588.802

552 and 552a), see part 501, subpart D, of this chapter.

### § 588.802 Delegation by the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant to Executive Order 13219 of June 26, 2001 (3 CFR, 2001 Comp., p. 778), and any further Executive orders relating to the national emergency declared therein, may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

## Subpart I—Paperwork Reduction Act

### § 588.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures (including those pursuant to statements of licensing policy), and 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.

## PART 590—ANGOLA (UNITA) SANCTIONS REGULATIONS

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

Sec.

590.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

590.201 Prohibited sale or supply of arms, arms materiel, petroleum, or petroleum products.  
590.202 Required closure of UNITA offices in the United States.  
590.203 Prohibited aircraft-related transactions.  
590.204 Prohibited sale or supply of equipment used in mining.  
590.205 Prohibited sale or supply of motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft.

## 31 CFR Ch. V (7–1–02 Edition)

590.206 Prohibited sale or supply of mining services or ground or waterborne transportation services.  
590.207 Prohibited transactions involving blocked property.  
590.208 Prohibited importation of diamonds.  
590.209 Effect of transfers violating the provisions of this part.  
590.210 Holding of funds in interest-bearing accounts; investment and reinvestment.  
590.211 Evasions; attempts; conspiracies.

### Subpart C—General Definitions

590.301 Aircraft or aircraft components.  
590.302 Arms and related materiel.  
590.303 Blocked account; blocked property.  
590.304 Controlled through the Certificate of Origin Regime of the Angolan Government of Unity and National Reconciliation.  
590.305 Diamonds.  
590.306 Effective date.  
590.307 Entity.  
590.308 Equipment used in mining.  
590.309 General license.  
590.310 Interest.  
590.311 License.  
590.312 Mining services or ground or waterborne transportation services.  
590.313 Motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft.  
590.314 National Union for the Total Independence of Angola; UNITA.  
590.315 Person.  
590.316 Petroleum and petroleum products.  
590.317 Property; property interest.  
590.318 Specific license.  
590.319 Transfer.  
590.320 United States.  
590.321 United States person; U.S. person.  
590.322 U.S. financial institution.

### Subpart D—Interpretations

590.401 Reference to amended sections.  
590.402 Effect of amendment.  
590.403 Termination and acquisition of an interest in blocked property.  
590.404 Setoffs prohibited.  
590.405 Transactions incidental to a licensed transaction.  
590.406 Offshore transactions.  
590.407 Transshipments through the United States prohibited.  
590.408 Exports to third countries; transshipments.  
590.409 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.  
590.410 Provision of services.  
590.411 Importation of diamonds mined outside of Angola.  
590.412 Importation into and release from a bonded warehouse or foreign trade zone.

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

- 590.501 General and specific licensing procedures.
- 590.502 Effect of license.
- 590.503 Exclusion from licenses.
- 590.504 Exemptions for medical and humanitarian purposes.
- 590.505 Payments and transfers to blocked accounts in U.S. financial institutions.
- 590.506 Entries in certain accounts for normal service charges authorized.
- 590.507 Provision of certain legal services authorized.
- 590.508 Investment and reinvestment of certain funds.

**Subpart F—Reports**

- 590.601 Records and reports.

**Subpart G—Penalties**

- 590.701 Penalties.
- 590.702 Prepenalty notice.
- 590.703 Response to prepenalty notice; informal settlement.
- 590.704 Penalty imposition or withdrawal.
- 590.705 Administrative collection; referral to United States Department of Justice.

**Subpart H—Procedures**

- 590.801 Procedures.
- 590.802 Delegation by the Secretary of the Treasury.

**Subpart I—Paperwork Reduction Act**

- 590.901 Paperwork Reduction Act notice.
- APPENDIX A TO PART 590—ARMS AND RELATED MATERIEL
- APPENDIX B TO PART 590—DESIGNATED POINTS OF ENTRY IN THE TERRITORY OF ANGOLA
- APPENDIX C TO PART 590—DESIGNATED AIRCRAFT OF ANGOLAN REGISTRY [RESERVED]
- APPENDIX D TO PART 590—DESIGNATED AREAS OF ANGOLA TO WHICH STATE ADMINISTRATION HAS NOT BEEN EXTENDED
- APPENDIX E TO PART 590—EQUIPMENT USED IN MINING (HARMONIZED TARIFF SCHEDULE SUBHEADINGS)
- APPENDIX F TO PART 590—MOTORIZED VEHICLES, WATERCRAFT, OR SPARE PARTS FOR MOTORIZED VEHICLES OR WATERCRAFT (HARMONIZED TARIFF SCHEDULE SUBHEADINGS)

AUTHORITY: 3 U.S.C. 301; 22 U.S.C. 287c; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12865, 58 FR 51005, 3 CFR, 1993 Comp., p.636; E.O. 13069, 62 FR 65989, 3 CFR, 1997 Comp., p.232; E.O. 13098, 63 FR 44771, 3 CFR, 1998 Comp., p.206

SOURCE: 64 FR 43926, Aug. 12, 1999, unless otherwise noted.

**Subpart A—Relation of This Part to Other Laws and Regulations****§ 590.101 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 provisions of which apply to this part. 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. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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 contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

**Subpart B—Prohibitions****§ 590.201 Prohibited sale or supply of arms, arms materiel, petroleum, or petroleum products.**

Except as otherwise authorized, the sale or supply by United States persons, or from the United States or using U.S.-registered vessels or aircraft, or any activity by United States persons or in the United States that promotes or is calculated to promote the sale or supply, of arms and related materiel of all types (as defined in § 590.302) or petroleum and petroleum products (as defined in § 590.316), regardless of origin, is prohibited if such sale or supply is to:

(a) UNITA; or

(b) The territory of Angola other than through a point of entry designated in appendix B to this part.

NOTE TO § 590.201: The exportation of arms-related items to Angola may require separate authorization from the Bureau of Export Administration, U.S. Department of Commerce, under the

## § 590.202

Export Administration Regulations, 15 CFR subchapter C.

### **§ 590.202 Required closure of UNITA offices in the United States.**

Except as otherwise authorized, all UNITA offices operating in the United States shall immediately and completely close.

### **§ 590.203 Prohibited aircraft-related transactions.**

Except as otherwise authorized, the following are prohibited:

(a) The sale, supply, or making available in any form by United States persons, or from the United States or using U.S.-registered vessels or aircraft, of any aircraft or aircraft components (as defined in § 590.301), regardless of origin, to:

(1) UNITA; or

(2) The territory of Angola other than through a point of entry designated in appendix B to this part;

NOTE TO PARAGRAPH (a): The exportation of aircraft-related items to Angola may require separate authorization from the Bureau of Export Administration, U.S. Department of Commerce, under the Export Administration Regulations, 15 CFR subchapter C.

(b) The insurance, engineering, or servicing by United States persons or from the United States of any aircraft owned or controlled by UNITA;

(c) The provision or making available of engineering and maintenance servicing, the payment of new claims against existing insurance contracts, or the provision, renewal, or making available of direct insurance by United States persons or from the United States with respect to any aircraft that:

(1) Is registered in Angola other than aircraft designated in appendix C to this part; or

(2) Has entered the territory of Angola other than through a point of entry designated in appendix B to this part.

NOTE TO § 590.203: Additional prohibitions exist on (1) the granting of takeoff, landing, and overflight permission for aircraft that are en route to or from a point in the territory of Angola other than a point of entry designated in appendix B to this part, and (2) the certification of airworthiness with respect to any aircraft registered in Angola,

## 31 CFR Ch. V (7-1-02 Edition)

other than aircraft designated in appendix C to this part, or with respect to any aircraft that has entered Angola other than through a point of entry designated in appendix B to this part. These prohibitions are not included in this part because they fall within the jurisdiction of the U.S. Department of Transportation and the Federal Aviation Administration. Persons involved in these transactions are directed to review the rules of the Department of Transportation and the Federal Aviation Administration or to contact those agencies for assistance.

### **§ 590.204 Prohibited sale or supply of equipment used in mining.**

Except as otherwise authorized, the sale or supply by United States persons, or from the United States or using U.S.-registered vessels or aircraft, of equipment used in mining (as defined in § 590.308), regardless of origin, to the territory of Angola other than through a point of entry designated in appendix B to this part is prohibited.

NOTE TO § 515.204: The export to Angola of equipment used in mining is also subject to the Export Administration Regulations, 15 CFR subchapter C, and may require separate authorization from the Bureau of Export Administration, U.S. Department of Commerce.

### **§ 590.205 Prohibited sale or supply of motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft.**

Except as otherwise authorized, the sale or supply by United States persons, or from the United States or using U.S.-registered vessels or aircraft, of motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft (as defined in § 590.313), regardless of origin, to the territory of Angola other than through a point of entry designated in appendix B to this part is prohibited.

NOTE TO § 515.204: The export to Angola of motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft is also subject to the Export Administration Regulations, 15 CFR subchapter C, and may require separate authorization from the Bureau of Export Administration, U.S. Department of Commerce.



**§ 590.206 Prohibited sale or supply of mining services or ground or waterborne transportation services.**

Except as otherwise authorized, the sale or supply by United States persons, or from the United States or using U.S.-registered vessels or aircraft, of mining services or ground or waterborne transportation services (as defined in § 590.312), regardless of origin, to persons in areas of Angola to which State administration has not been extended, as designated in appendix D to this part, is prohibited.

**§ 590.207 Prohibited transactions involving blocked property.**

(a) Except as otherwise authorized, no property or interests in property 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 United States persons, including their overseas branches, of UNITA or of those senior officials of UNITA or adult members of their immediate families who are designated by the Secretary of the Treasury or the Secretary's delegate may be transferred, paid, exported, withdrawn, or otherwise dealt in.

NOTE TO PARAGRAPH (a) OF § 590.207: Please refer to the appendices at the end of this chapter V for listings of senior officials of UNITA and adult members of their immediate families designated pursuant to this section. Section 501.807 of this chapter V sets forth the procedures to be followed by persons seeking administrative reconsideration of their designation or who wish to assert that the circumstances resulting in designation no longer apply.

(b) Unless otherwise authorized by this part or by a specific license expressly referring to this section, any dealing in any security (or evidence thereof) held within the possession or control of a U.S. person and either registered or inscribed in the name of or known to be held for the benefit of any person whose property is blocked pursuant to this section is prohibited. This prohibition includes but is not limited to the transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation,

importation, exportation, or withdrawal of any such security or the endorsement or guaranty of signatures on any such security. This prohibition applies irrespective of the fact that at any time (either prior to, on, or subsequent to the effective date) the registered or inscribed owner of any such security may have or appears to have assigned, transferred, or otherwise disposed of the 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.

**§ 590.208 Prohibited importation of diamonds.**

Except as otherwise authorized, the direct or indirect importation into the United States on or after 12:01 a.m. EDT on August, 19, 1998, of all diamonds (as defined in § 590.305) exported from Angola that are not controlled through the Certificate of Origin regime of the Angolan Government of Unity and National Reconciliation (as defined in § 590.304) is prohibited.

**§ 590.209 Effect of transfers violating the provisions of this part.**

(a) Any transfer after the effective date that is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, or license issued pursuant to this part, and that involves any property or interest in property blocked pursuant to § 590.207(a) 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 or property interest.

(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 any interest in, any property or interest in property blocked pursuant to § 590.207(a), unless the person with whom such property is held or maintained, prior to that date, had written

**§ 590.210**

**31 CFR Ch. V (7-1-02 Edition)**

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 make 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 regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(d) Property transfers that 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 issued pursuant to this part and was not so licensed, or if a license did purport to cover the transfer, that such license had been obtained by misrepresentation of a third party or withholding of material facts or was otherwise fraudulently obtained; and

(3) 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 promptly upon discovery that:

(i) Such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, direction, or license issued pursuant to this part;

(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 withholding of material facts or was otherwise fraudulently obtained.

NOTE TO PARAGRAPH (d) OF § 590.209: The filing of a report in accordance with the provisions of paragraph (d)(3) of this section shall not be deemed evidence that the terms of paragraphs (d)(1) and (d)(2) of this section have been satisfied.

(e) Unless licensed 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 of § 590.207 there existed an interest of a person whose property is blocked pursuant to § 590.207(a).

**§ 590.210 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraph (c) or (d) of this section, or as otherwise directed by the Office of Foreign Assets Control, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations, subject to § 590.207(a) shall hold or place such funds in a blocked interest-bearing account located in the United States.

(b)(1) For purposes of this section, the term *blocked interest-bearing account* means a blocked account:

(i) In a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates that are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, provided the funds are invested in a money market fund or in U.S. Treasury bills.

(2) For purposes of this section, a rate is commercially reasonable if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(3) Funds held or placed in a blocked account pursuant to this paragraph (b) may not be invested in instruments the maturity of which exceeds 180 days. If

interest is credited to a separate blocked account or sub-account, the name of the account party on each account must be the same.

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 590.207(a) may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (b) or (d) of this section.

(d) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject to § 590.207(a) may continue to be held in the same type of accounts or instruments, provided the funds earn interest at rates that are commercially reasonable.

(e) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such property at the time the property becomes subject to § 590.207(a). However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales in appropriate cases.

(f) Funds subject to this section may not be held, invested, or reinvested in a manner that provides immediate financial or economic benefit or access to persons whose property is blocked pursuant to § 590.207(a), nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

**§ 590.211 Evasions; attempts; conspiracies.**

Any transaction by any United States person or within the United States on or after the effective date that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this part is prohibited. Any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is prohibited.

**Subpart C—General Definitions**

**§ 590.301 Aircraft or aircraft components.**

The term *aircraft or aircraft components* means all aircraft, spacecraft, and parts thereof described in chapter 88 of the Harmonized Tariff Schedule of the United States and any other items that the supplier knows or has reason to know are intended to be used as a part or spare part of an aircraft or spacecraft.

**§ 590.302 Arms and related materiel.**

The term *arms and related materiel* means all items listed in appendix A to this part; all items described in chapter 93 of the Harmonized Tariff Schedule of the United States; any other items designed as or for use with a weapon; all items controlled under the International Traffic in Arms Regulations, 22 CFR parts 120 through 130; and any other items controlled for export as arms or related materiel by any office or agency of the United States.

**§ 590.303 Blocked account; blocked property.**

The terms *blocked account* and *blocked property* mean any account or property subject to the prohibition in § 590.207, held in the name of a person whose property is blocked pursuant to § 590.207(a) or in which such person has an interest, and with respect to which payments, transfers, exportations, withdrawals, or other dealings may not be made or effected except pursuant to a license from the Office of Foreign Assets Control authorizing such action.

**§ 590.304 Controlled through the Certificate of Origin regime of the Angolan Government of Unity and National Reconciliation.**

The term *controlled through the Certificate of Origin regime of the Angolan Government of Unity and National Reconciliation* means accompanied by any documentation that demonstrates to the satisfaction of the United States Customs Service (or analogous officials of a United States territory or possession with its own customs administration) that the diamonds were legally

**§ 590.305**

exported from Angola with the approval of the Angolan Government of Unity and National Reconciliation.

**§ 590.305 Diamonds.**

The term *diamonds* means all diamonds described in heading 7102 of the Harmonized Tariff Schedule of the United States; all diamond dust described in subheading 7105.10 of the Harmonized Tariff Schedule of the United States; all diamond jewelry described in subheadings 7116.20.05–.15 of the Harmonized Tariff Schedule of the United States; and any items described elsewhere in the Harmonized Tariff Schedule of the United States containing diamonds or diamond dust.

**§ 590.306 Effective date.**

The term *effective date* refers to each of the effective dates of the applicable prohibitions and directives of this part as follows:

(a) With respect to § 590.201 and any prohibitions under § 590.211 related to § 590.201, 4:35 p.m. EDT on September 26, 1993.

(b) With respect to §§ 590.202 and 590.203 and any prohibitions under § 590.211 related to §§ 590.202 or 590.203, 12:01 a.m. EST on December 15, 1997.

(c) With respect to §§ 590.204, 590.205, 590.206, 590.207, 590.208, 590.209, and 590.210 and any prohibitions under § 590.211 related to §§ 590.204, 590.205, 590.206, 590.207, 590.208, 590.209, or 590.210, 12:01 a.m. EDT on August, 19, 1998, or in the case of senior officials of UNITA or adult members of their immediate families who are designated after that date, the earlier of the date on which a person receives actual or constructive notice of such designation.

**§ 590.307 Entity.**

The term *entity* means a partnership, association, trust, joint venture, corporation, or other organization.

**§ 590.308 Equipment used in mining.**

The term *equipment used in mining* means all items described in any of the Harmonized Tariff Schedule subheadings listed in appendix E to this part and any other equipment that the supplier knows or has reason to know

**31 CFR Ch. V (7–1–02 Edition)**

is intended for use in the activities of prospecting or mining.

**§ 590.309 General license.**

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

**§ 590.310 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.

**§ 590.311 License.**

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

**§ 590.312 Mining services or ground or waterborne transportation services.**

The term *mining services or ground or waterborne transportation services* means any services that are part of prospecting, mining, or carrying persons or cargo by land or water.

**§ 590.313 Motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft.**

The term *motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft* means all items described in any of the Harmonized Tariff Schedule subheadings listed in Appendix F to this part and any other items that the supplier knows or has reason to know are intended for use as motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft.

**§ 590.314 National Union for the Total Independence of Angola; UNITA.**

The term *National Union for the Total Independence of Angola*, or *UNITA*, includes:

(a) Any entity, political subdivision, agency, or instrumentality of UNITA, including without limitation:

(1) The Unia~o Nacional para a Independencia Total de Angola (UNITA), known in English as the “National Union for the Total Independence of Angola”;

(2) The Forcas Armadas para a LiberaçA~o de Angola (FALA), known

in English as the “Armed Forces for the Liberation of Angola”;

(3) The Free Angola Information Service, Inc.; and

(4) The Center for Democracy in Angola (CEDA);

(b) Any person or entity substantially owned or controlled by any of 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 for or on behalf of any of the foregoing; and

(d) Any other person determined by the Director of the Office of Foreign Assets Control to be included within paragraphs (a) through (c) of this section.

#### § 590.315 Person.

The term *person* means an individual or entity.

#### § 590.316 Petroleum and petroleum products.

The term *petroleum and petroleum products* means all items described in chapter 27 of the Harmonized Tariff Schedule of the United States and any synthetic or part-synthetic replacement therefore.

#### § 590.317 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, guarantees, 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 in-

struments, 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, whether present, future, or contingent.

#### § 590.318 Specific license.

The term *specific license* means any license not set forth in this part but issued pursuant to this part.

#### § 590.319 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. Without limitation upon the foregoing, the term *transfer* includes 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or levy of or under any judgment, decree, attachment, injunction, execution, or other judicial or administrative process or order; the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree 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.

## § 590.320

## 31 CFR Ch. V (7-1-02 Edition)

### § 590.320 United States.

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

### § 590.321 United States person; U.S. person.

The term *United States person* or *U.S. person* means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States.

### § 590.322 U.S. financial institution.

The term *U.S. financial institution* means any U.S. entity (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, as principal or agent. This term includes but is 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' headquarters, branches, offices, or agencies.

## Subpart D—Interpretations

### § 590.401 Reference to amended sections.

Except as otherwise specified, reference to any provision in or appendix to this part or chapter or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part refers to the same as currently amended.

### § 590.402 Effect of amendment.

Unless otherwise specifically provided, any amendment, modification,

or revocation of any provision in or appendix to this part or chapter 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 does not affect any act done or omitted, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

### § 590.403 Termination and acquisition of an interest in blocked property.

(a) Whenever a transaction licensed pursuant to this part results in the transfer of property (including any property interest) away from a person whose property is blocked pursuant to § 590.207(a), the transferred property will no longer be considered property in which that person has or has had an interest. Provided no other person whose property is blocked pursuant to § 590.207(a) has any interest in the transferred property following the transfer, the transferred property will no longer be considered property blocked pursuant to § 590.207(a).

(b) Unless otherwise specifically provided in a license issued pursuant to this part, if property (including any property interest) is transferred or attempted to be transferred to a person whose property is blocked pursuant to § 590.207(a), such property shall be deemed to be property in which that person has an interest, and such property is therefore blocked pursuant to § 590.207(a).

### § 590.404 Setoffs prohibited.

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 590.207(a) if effected after the effective date.

### § 590.405 Transactions incidental to a licensed transaction.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect to the licensed transaction is also authorized by the license.

Except as specifically authorized by the terms of a license, prohibited transactions by persons whose property is blocked pursuant to § 590.207(a) and debits to accounts blocked pursuant to § 590.207(a) are not considered incidental to a licensed transaction and therefore remain prohibited.

**§ 590.406 Offshore transactions.**

(a) The prohibitions contained in § 590.207 apply to transactions by any U.S. person in a location outside the United States with respect to property in which the U.S. person knows, or has reason to know, that a person whose property is blocked pursuant to § 590.207(a) has or has had an interest since the effective date of § 590.207.

(b) Transactions by a U.S. person prohibited by § 590.207 include but are not limited to:

(1) Importation into or exportation from locations outside the United States of goods, technology, or services in which the U.S. person knows, or has reason to know, that a person whose property is blocked pursuant to § 590.207(a) has or has had an interest since the effective date of § 590.207.

(2) Purchasing, selling, financing, swapping, insuring, transporting, lifting, storing, incorporating, transforming, brokering, or otherwise dealing in, within locations outside the United States, goods, technology, or services in which the U.S. person knows, or has reason to know, that a person whose property is blocked pursuant to § 590.207(a) has or has had an interest since the effective date of § 590.207.

(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 the personal possessions of any person whose property is blocked pursuant to § 590.207(a).

(2) A U.S. person may not, within the United States or abroad, enter into any contract for any goods or services with UNITA or with any other person whose property is blocked pursuant to § 590.207(a).

**§ 590.407 Transshipments through the United States prohibited.**

(a) The prohibitions in §§ 590.201, 590.203, 590.204, 590.205, and 590.206 apply to the importation into the United States, for transshipment or transit, of goods or services intended or destined to be sold, supplied, or provided in violation of §§ 590.201, 590.203, 590.204, 590.205, or 590.206.

(b) The prohibition in § 590.208 applies to the importation into the United States, for transshipment or transit, of diamonds intended or destined for third countries if the diamonds were exported from Angola on or after 12:01 a.m. EDT on August 19, 1998 and are not controlled through the Certificate of Origin regime of the Angolan Government of Unity and National Reconciliation. In the case of diamonds transported by vessel, the prohibition in § 590.208 applies to the unloading in the United States and the intent to unlade in the United States of diamonds intended or destined for third countries if the diamonds were exported from Angola on or after 12:01 a.m. EDT on August 19, 1998 and are not controlled through the Certificate of Origin regime of the Angolan Government of Unity and National Reconciliation.

(c) Goods imported into or transshipped through the United States are blocked pursuant to § 590.207(a) if those goods constitute property in which a person whose property is blocked pursuant to § 590.207(a) has or has had an interest since the effective date of § 590.207.

**§ 590.408 Exports to third countries; transshipments.**

(a) The prohibitions in §§ 590.201 and 590.203 include the exportation of arms and related materiel, petroleum and petroleum products, and aircraft or aircraft components to third countries if the exporter knows or has reason to know that the goods are intended for reexportation or transshipment to the territory of Angola, other than through a point of entry designated in appendix B to this part, or to UNITA, including passage through or storage in intermediate destinations.

(b) The prohibitions in §§ 590.204 and 590.205 include the exportation of

## § 590.409

equipment used in mining, motorized vehicles, watercraft, or spare parts for motorized vehicles or watercraft to third countries if the exporter knows or has reason to know that the goods are intended for reexportation or transshipment to the territory of Angola other than through a point of entry designated in appendix B to this part, including passage through or storage in intermediate destinations.

(c) The prohibitions in § 590.206 include the exportation of mining services or ground or waterborne transportation services to third countries if the exporter knows or has reason to know that the services are intended for persons in areas of Angola to which State administration has not been extended, as designated in appendix D to this part.

### **§ 590.409 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 or services exported prior to the effective date of the blocking, except as authorized pursuant to this part.

### **§ 590.410 Provision of services.**

(a) The prohibitions contained in § 590.207 apply to services performed by U.S. persons, wherever located:

(1) On behalf of or for the benefit of a person whose property is blocked pursuant to § 590.207(a); or

(2) With respect to property interests of a person whose property is blocked pursuant to § 590.207(a).

(b) *Example.* U.S. persons may not, without specific authorization from the Office of Foreign Assets Control, represent an individual or entity with respect to contract negotiations, contract performance, commercial arbitration, or other business dealings with persons whose property is blocked pursuant to § 590.207(a). See § 590.507 on licensing policy with regard to the provision of certain legal services.

### **§ 590.411 Importation of diamonds mined outside of Angola.**

The importation prohibition in § 590.208 applies to diamonds exported

## 31 CFR Ch. V (7–1–02 Edition)

from Angola whether or not those diamonds were mined in Angola.

### **§ 590.412 Importation into and release from a bonded warehouse or foreign trade zone.**

The prohibition in § 590.208 applies to importation into and release from a bonded warehouse or a foreign trade zone of the United States. However, § 590.208 does not prohibit the release from a bonded warehouse or a foreign trade zone of diamonds exported from Angola and imported into that bonded warehouse or foreign trade zone prior to the effective date of § 590.208.

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

### **§ 590.501 General and specific licensing procedures.**

For provisions relating to licensing procedures, see part 501, subpart D 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.

### **§ 590.502 Effect of license.**

(a) No license contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control pursuant to this part, authorizes or validates any transaction effected prior to the issuance of the license, unless the prior transaction is specifically authorized in such license.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited by 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 authorizes 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 by this part has the effect of removing from



the transaction a prohibition or prohibitions contained in this part, 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 that would not otherwise exist under ordinary principles of law in or with respect to any property.

**§ 590.503 Exclusion from licenses.**

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 conferred by any license. The Director of the Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

**§ 590.504 Exemptions for medical and humanitarian purposes.**

Specific licenses may be issued in appropriate cases for transactions otherwise prohibited by §§ 590.203, 590.204, 590.205, 590.206, 590.207, or 590.208, including aircraft-related transactions and ground and waterborne transportation transactions, for medical and humanitarian purposes.

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

Any payment of funds or transfer of credit in which a person whose property is blocked pursuant to § 590.207(a) has any interest and that comes within the possession or control of a U.S. financial institution must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be

made to another blocked account held in the same name.

NOTE TO § 590.505: Please refer to part 501, subpart C of this chapter for mandatory reporting requirements regarding financial transfers. See also § 590.210 concerning the obligation to hold blocked funds in interest-bearing accounts.

**§ 590.506 Entries in certain accounts for normal service charges authorized.**

(a) U.S. financial institutions are hereby authorized to debit any blocked account with such U.S. financial institution in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account.

(b) As used in this section, the term *normal service charges* includes but is not limited to charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; minimum balance charges; notary and protest fees; and charges for reference books, photocopies, credit reports, transcripts of statements, registered mail, insurance, stationery and supplies, and other similar items.

**§ 590.507 Provision of certain legal services authorized.**

(a) The provision to or on behalf of a person whose property is blocked pursuant to § 590.207(a) of the legal services set forth in paragraph (b) of this section is authorized, provided that all receipt of payment for such services must be specifically licensed.

(b) Specific licenses may be issued on a case-by-case basis authorizing receipt from unblocked sources of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to a person whose property is blocked pursuant to § 590.207(a):

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling is not provided to facilitate transactions that would violate any prohibition contained in this chapter;

## § 590.508

(2) Representation of a person whose property is blocked pursuant to § 590.207(a) when named as a defendant in or otherwise made a party to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation and conduct of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction of a person whose property is blocked pursuant to § 590.207(a);

(4) Representation of a person whose property is blocked pursuant to § 590.207(a) before any federal or state agency with respect to the imposition, administration, or enforcement of U.S. sanctions against such person; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) The provision of any other legal services to a person whose property is blocked pursuant to § 590.207(a), not otherwise authorized in this part, requires the issuance of a specific license.

(d) Entry into a settlement agreement affecting property or interests in property of a person whose property is blocked pursuant to § 590.207(a) or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property or interests in property of a person whose property is blocked pursuant to § 590.207(a) is prohibited unless specifically licensed in accordance with § 590.209(e).

### § 590.508 Investment and reinvestment of certain funds.

U.S. financial institutions are authorized to invest and reinvest assets blocked pursuant to § 590.207(a), subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or subaccount that is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but in no case may funds be transferred outside the United States for this purpose;

## 31 CFR Ch. V (7–1–02 Edition)

(b) The proceeds of such investments and reinvestments are not credited to a blocked account or subaccount under any name or designation that differs from the name or designation of the specific blocked account or subaccount in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (e.g., through pledging or other use) to any person whose property is blocked pursuant to § 590.207(a).

### Subpart F—Reports

#### § 590.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

### Subpart G—Penalties

#### § 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 adjusted 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 not to exceed \$11,000 per violation may be imposed on any person who violates or attempts to violate any license, order, or regulation issued under the Act;

(2) Whoever willfully violates or willfully attempts to violate any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000, and if a natural person, may also be imprisoned for not more than 10 years; 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 directed to section 5 of 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, upon conviction, shall be fined not more than \$10,000, or if a natural person, may also be imprisoned for not more than 10 years; and any officer, director, or agent of any corporation who knowingly participates in such a violation or evasion shall be punished by a similar fine, imprisonment, or both; and any property, funds, securities, papers, other articles or documents, vessels together with their tackle, apparel, furniture, equipment, vehicle, or aircraft concerned in such violation shall be forfeited to the United States. The 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.

(e) Violations of this part may also be subject to relevant provisions of other applicable laws.

#### § 590.702 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 instruc-

tion 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, the Director shall issue to the person concerned a notice of intent to impose a monetary penalty. This 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 respond.* The prepenalty notice also shall inform the respondent of respondent's right to make a written presentation within 30 days of the date of mailing of the notice as to why a monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

#### § 537.703 Response to prepenalty notice; informal settlement.

(a) *Deadline for response.* The respondent shall have 30 days from the date of mailing of the prepenalty notice to make a written response to the Director of the Office of Foreign Assets Control.

(b) *Form and contents of response.* The written response need not be in any particular form, but must 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 respondent believes the penalty should not be imposed or why, if imposed, it should be in a lesser amount than proposed.

(c) *Informal settlement.* In addition to or as an alternative to a written response to a prepenalty notice issued pursuant to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. In the event of settlement at the prepenalty stage, the

## § 537.704

claim proposed in the prepenalty notice will be withdrawn, the respondent will not be required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30-day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

### § 537.704 Penalty imposition or withdrawal.

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

(b) *Violation.* If, after considering any response to a prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director promptly shall issue a written notice of the imposition of the monetary penalty to the respondent.

(1) The penalty notice shall inform the respondent that payment of the assessed penalty must be made within 30 days of the date of mailing of the penalty notice.

(2) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

## 31 CFR Ch. V (7-1-02 Edition)

### § 537.705 Administrative collection; referral to United States Department of Justice.

In the event that the respondent does not pay a penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of a penalty notice, the matter may be referred for administrative collection measures by the Department of the Treasury or 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

### § 590.801 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 D of this chapter.

### § 590.802 Delegation by the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant to Executive Orders 12865 (3 CFR, 1993 Comp., p. 636), 13069 (3 CFR, 1997 Comp., p. 232), and 13098 (63 FR 44771, Aug. 20, 1998), and any further Executive orders relating to the national emergency declared with respect to UNITA in Executive Order 12865 may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

## Subpart I—Paperwork Reduction Act

### § 590.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of 1995

(44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures (including those pursuant to statements of licensing policy), and 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.

APPENDIX A TO PART 590—ARMS AND RELATED MATERIEL

NOTE TO APPENDIX A: Commerce Control List Export Control Commodity Numbers are provided in parenthesis at the end of each item as a convenience.

- (a) Spindle assemblies, consisting of spindles and bearings as a minimal assembly, except those assemblies with axial and radial axis motion measured along the spindle axis in one revolution of the spindle equal to or greater (coarser) than the following:
- (1) 0.0008 mm TIR (peak-to-peak) for lathes and turning machines; or
  - (2)  $D \times 2 \times 10^{-5}$  mm TIR (peak-to-peak) where D is the spindle diameter in millimeters for milling machines, boring mills, jig grinders, and machining centers (ECCNs 2B001 and 2B290);
- (b) Equipment for the production of military explosives and solid propellants, as follows:
- (1) Complete installations; and
  - (2) Specialized components (for example, dehydration presses; extrusion presses for the extrusion of small arms, cannon and rocket propellants; cutting machines for the sizing of extruded propellants; sweetie barrels (tumblers) 6 feet and over in diameter and having over 500 pounds product capacity; and continuous mixers for solid propellants) (ECCN 1B018);
- (c) Specialized machinery, equipment, gear, and specially designed parts and accessories therefor, specially designed for the examination, manufacture, testing, and checking of the arms, appliances, machines, and implements of war (ECCN 2B018), ammunition hand-loading equipment for both cartridges and shotgun shells, and equipment specially designed for manufacturing shotgun shells (ECCN 0B986);
- (d) Construction equipment built to military specifications, specially signed for airborne transport (ECCN 0A018);
- (e) Vehicles specially designed for military purposes, as follows:
- (1) Specially designed military vehicles, excluding vehicles listed in the United

- States Munitions List, 22 CFR Part 121 (ECCN 9A018);
- (2) Pneumatic tire casings (excluding tractor and farm implement types), of a kind specially constructed to be bulletproof or to run when deflated (ECCN 9A018);
  - (3) Engines for the propulsion of the vehicles enumerated above, specially designed or essentially modified for military use (ECCN 9A018); and
  - (4) Specially designed components and parts to the foregoing (ECCN 9A018);
- (f) Pressure refuellers, pressure refueling equipment, and equipment specially designed to facilitate operations in confined areas and ground equipment, not elsewhere specified, developed specially for aircraft and helicopters, and specially designed parts and accessories, n.e.s. (ECCN 9A018);
- (g) Specifically designed components and parts for ammunition, except cartridge cases, powder bags, bullets, jackets, cores, shells, projectiles, boosters, fuses and components, primers, and other detonating devices and ammunition belting and linking machines (ECCN 0A018);
- (h) Nonmilitary shotguns, barrel length 18 inches or over; and nonmilitary arms, discharge type (for example, stun-guns, shock batons, etc.), except arms designed solely for signal, flare, or saluting use; and parts, n.e.s. (ECCNs 0A984 and 0A985);
- (i) Shotgun shells, and parts (ECCN 0A986);
  - (j) Military parachutes (ECCN 9A018);
  - (k) Submarine and torpedo nets (ECCN 8A518);
- (l) Bayonets and muzzle-loading (black powder) firearms (ECCN 0A018).

APPENDIX B TO PART 590—DESIGNATED POINTS OF ENTRY IN THE TERRITORY OF ANGOLA

- (a) Airports:
- (1) Luanda
  - (2) Katumbela, Benguela Province
- (b) Ports:
- (1) Luanda
  - (2) Lobito, Benguela Province
  - (3) Namibe, Namibe Province
- (c) Entry Points:
- (1) Malongo, Cabinda Province
  - (2) [Reserved]

APPENDIX C TO PART 590—DESIGNATED AIRCRAFT OF ANGOLAN REGISTRY [RESERVED]

APPENDIX D TO PART 590—DESIGNATED AREAS OF ANGOLA TO WHICH STATE ADMINISTRATION HAS NOT BEEN EXTENDED

- (a) Bie Province:
- (1) Municipalities:

**Pt. 590, App. D**

**31 CFR Ch. V (7–1–02 Edition)**

- (A) Andulo
- (B) Cuemba
- (C) Nharea
- (2) Communities:
  - (A) Cassumbe
  - (B) Chivualo
  - (C) Umpulo
  - (D) Ringoma
  - (E) Luando
  - (F) Sachinemuna
  - (G) Gamba
  - (H) Dando
  - (I) Calussinga
  - (J) Munhango
  - (K) Lubia
  - (L) Caleie
  - (M) Balo Horizonte
- (b) Cunene Province:
  - (1) Municipalities:
    - [Reserved]
  - (2) Communities:
    - (A) Cubati–Cachueca
    - (B) [Reserved]
- (c) Huambo Province:
  - (1) Municipalities:
    - (A) Bailundo
    - (B) Mungo
  - (2) Communities:
    - (A) Bimbe
    - (B) Hungue–Calulo
    - (C) Lungue
    - (D) Luvemba
    - (E) Cambuengo
    - (F) Mundundo
    - (G) Cacoma
- (d) K. Kubango Province:
  - (1) Municipalities:
    - [Reserved]
  - (2) Communities:
    - (A) Longa
    - (B) Lulana
    - (C) Luengue
- (e) Malange Province:
  - (1) Municipalities:
    - (A) Luquembo
    - (B) Quirima
    - (C) Cambudi Catembo
    - (D) Massango
  - (2) Communities:
    - (A) Dumba–Kabango
    - (B) Quitapa
    - (C) Tala–Mungongo
    - (D) Bembo
    - (E) Caribo
    - (F) Culamagia
    - (G) Bange–Angola
    - (H) Milando
    - (I) Capunga
    - (J) Cunga–Palanga
    - (K) Dombo
    - (L) Quibango
    - (M) Rimba
    - (N) Bangala
    - (O) Moma
    - (P) Sautar
    - (Q) Cuale
    - (R) Caxinga
- (S) Cateco–Cangola
- (T) Qulhuhu
- (U) Quinguengue
- (f) Moxico Province:
  - (1) Municipalities:
    - (A) Cangamba
    - (B) Luau
    - (C) Luacano
    - (D) Cazombo
  - (2) Communities:
    - (A) Lovua
    - (B) Mussuma
    - (C) Sessa
    - (D) Cachipoque
    - (E) Cangombe
    - (F) Cassamba
    - (G) Muie
    - (H) Caianda
    - (I) Ninda
    - (J) Chiume
    - (K) Lutembo
    - (L) Giambe
    - (M) Tempue
    - (N) Luvuei
    - (O) Candundo
    - (P) Macondo
    - (Q) Sandando
    - (R) Muangai
    - (S) Lago–Dilolo
- (g) Uige Province:
  - (1) Municipalities:
    - (A) Bembe
    - (B) [Reserved]
  - (2) Communities:
    - (A) Massau
    - (B) Macola
    - (C) Cuile–Camboso
    - (D) Alto–Zaza
    - (E) Cuango
    - (F) Icoca
    - (G) Lucunga
    - (H) Mabaia
    - (I) Beu
    - (J) Cuilo Futa
    - (K) Sacandica
- (h) Benguela Province:
  - (1) Municipalities:
    - [Reserved]
  - (2) Communities:
    - (A) Chicuma
    - (B) Casseque
- (i) Lunda–Norte Province:
  - (1) Municipalities:
    - (A) Cuilo
    - (B) [Reserved]
  - (2) Communities:
    - (A) Lovua
    - (B) Bote “Cassange–Calucala”
    - (C) Capala
    - (D) Caluango
- (j) Kuanza–Norte Province:
  - (1) Municipalities:
    - (A) Banga
    - (B) [Reserved]
  - (2) Communities:
    - (A) Samba–Lucala
    - (B) Caculo–Cabaca

(C) Carlamba	8702.10.30, 8702.10.60, 8702.90.30, 8702.90.60
(D) Aldeia-Nova	8703.10.50, 8703.21.00, 8703.22.00, 8703.23.00,
(k) Lunda-Sul Province:	8703.24.00, 8703.31.00, 8703.32.00, 8703.33.00,
(1) Municipalities:	8703.90.00
(A) Mucondo	8704.10.10, 8704.10.50, 8704.21.00, 8704.22.10,
(B) [Reserved]	8704.22.50, 8704.23.00, 8704.31.00, 8704.32.00,
(2) Communities:	8704.90.00
(A) Kassengue	8705.10.00, 8705.20.00, 8705.30.00, 8705.40.00,
(B) Alto-Chicama	8705.90.00
(C) Chiluage	8706.00.03, 8706.00.05, 8706.00.15, 8706.00.25,
(D) Cazage	8706.00.30, 8706.00.50
(E) Luma-Cassai	8707.10.00, 8707.90.10, 8707.90.50
(F) Muriege	8708.10.30, 8708.10.60, 8708.21.00, 8708.29.10,
(G) Cassai-Sul	8708.29.15, 8708.29.20, 8708.29.50, 8708.31.10,
(1) Bengo Province:	8708.31.50, 8708.39.10, 8708.39.50, 8708.40.10,
(1) Municipalities:	8708.40.20, 8708.40.30, 8708.40.50, 8708.50.10,
[Reserved]	8708.50.30, 8708.50.50, 8708.50.80, 8708.60.10,
(2) Communities:	8708.60.30, 8708.60.50, 8708.60.80, 8708.70.05,
(A) Quiaje	8708.70.15, 8708.70.25, 8708.70.35, 8708.70.45,
(B) [Reserved]	8708.70.60, 8708.80.15, 8708.80.25, 8708.80.30,

APPENDIX E TO PART 590—EQUIPMENT  
USED IN MINING (HARMONIZED TARIFF  
SCHEDULE SUBHEADINGS)

8429.11.00, 8429.19.00, 8429.20.00, 8429.30.00,	8708.80.45, 8708.91.10, 8708.91.50, 8708.92.10,
8429.40.00, 8429.51.10, 8429.51.50, 8429.52.10,	8708.92.50, 8708.93.15, 8708.93.30, 8708.93.60,
8429.52.50, 8429.59.10, 8429.59.50	8708.93.75, 8708.94.10, 8708.94.50, 8708.99.03,
8430.10.00, 8430.31.00, 8430.39.00, 8430.41.00,	8708.99.06, 8708.99.09, 8708.99.12, 8708.99.15,
8430.49.80, 8430.61.00, 8430.62.00, 8430.69.00	8708.99.18, 8708.99.21, 8708.99.24, 8708.99.27,
8431.41.00, 8431.42.00, 8431.43.80, 8431.49.90	8708.99.31, 8708.99.34, 8708.99.37, 8708.99.40,
	8708.99.43, 8708.99.46, 8708.99.49, 8708.99.52,
	8708.99.55, 8708.99.58, 8708.99.61, 8708.99.64,
	8708.99.67, 8708.99.70, 8708.99.73, 8708.99.80
	8709.11.00, 8709.19.00

APPENDIX F TO PART 590—MOTORIZED  
VEHICLES, WATERCRAFT, OR SPARE  
PARTS FOR MOTORIZED VEHICLES OR  
WATERCRAFT (HARMONIZED TARIFF  
SCHEDULE SUBHEADINGS)

8407.10.00, 8407.21.00, 8427.29.00, 8407.31.00,	8710.00.00
8407.32.10, 8407.32.20, 8407.32.90, 8407.33.10,	8711.10.00, 8711.20.00, 8711.30.00, 8711.40.30,
8407.33.30, 8407.33.60, 8407.33.90, 8407.34.05,	8711.40.60, 8711.50.00, 8711.90.00
8407.34.14, 8407.34.18, 8407.34.25, 8407.34.35,	8714.11.00, 8714.19.00
8407.34.44, 8407.34.48, 8407.34.55, 8407.90.10,	8716.10.00, 8716.20.00, 8716.31.00, 8716.39.00,
8407.90.90	8716.40.00, 8716.80.10, 8716.80.50, 8716.90.10,
8408.10.00, 8408.20.10, 8408.20.20, 8408.20.90,	8716.90.30, 8716.90.50
8408.90.10, 8408.90.90	8901.10.00, 8901.20.00, 8901.30.00, 8901.90.00
8409.10.00, 8409.91.10, 8409.90.30, 8409.91.50,	8902.00.00
8409.91.92, 8409.91.99, 8409.99.10, 8409.99.91,	8903.10.00, 8903.91.00, 8903.92.00, 8903.99.20,
8409.99.92, 8409.99.99	8903.99.90
8483.10.10, 8483.10.30, 8483.10.50	8904.00.00
8601.10.00, 84601.20.00	8905.10.00, 8905.90.50
8602.10.00, 8602.90.00	8906.00.10, 8906.00.90
8603.10.00, 8603.90.00	
8604.00.00	
8605.00.00	
8606.10.00, 8606.20.00, 8606.30.00, 8606.91.00,	
8606.92.00, 8606.99.00	
8607.11.00, 8607.12.00, 8607.19.03, 8607.19.06,	
8607.19.12, 8607.19.15, 8607.19.30, 8607.19.90,	
8607.21.10, 8607.21.50, 8607.29.10, 8607.29.50,	
8607.30.10, 8607.30.50, 8607.91.00, 8607.99.10,	
8607.99.50	
8701.10.00, 8701.20.00, 8701.30.10, 8701.30.50,	
8701.90.10, 8701.90.50	

**PART 591—ROUGH DIAMONDS (SIERRA LEONE & LIBERIA) SANCTIONS REGULATIONS**

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

Sec.  
591.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

591.201 Prohibited importation of rough diamonds.  
591.202 Permitted importation of rough diamonds.

## § 591.101

## 31 CFR Ch. V (7–1–02 Edition)

591.203 Evasions; attempts; conspiracies.

SOURCE: 67 FR 5473, Feb. 6, 2002, unless otherwise noted.

### Subpart C—General Definitions

- 591.301 Controlled through the Certificate of Origin regime of the Government of Sierra Leone.
- 591.302 Effective date.
- 591.303 Entity.
- 591.304 Importation into the United States.
- 591.305 Licenses; general and specific.
- 591.306 Person.
- 591.307 Rough diamond.
- 591.308 Rough diamonds from Sierra Leone or Liberia.
- 591.309 United States.
- 591.310 United States person; U.S. person.

### Subpart D—Interpretations

- 591.401 Reference to amended sections.
- 591.402 Effect of amendment.
- 591.403 Transactions incidental to a licensed transaction.
- 591.404 Transshipment or transit through the United States prohibited.
- 591.405 Direct or indirect importation of rough diamonds from Sierra Leone or Liberia.
- 591.406 Importation into and release from a bonded warehouse or foreign trade zone.

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

- 591.501 General and specific licensing procedures.
- 591.502 Effect of license or authorization.
- 591.503 Exclusion from licenses.

### Subpart F—Reports

- 591.601 Records and reports.

### Subpart G—Penalties

- 591.701 Penalties.
- 591.702 Prepenalty notice.
- 591.703 Response to prepenalty notice; informal settlement.
- 591.704 Penalty imposition or withdrawal.
- 591.705 Administrative collection; referral to United States Department of Justice.

### Subpart H—Procedures

- 591.801 Procedures.
- 591.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

- 591.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 22 U.S.C. 287c; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 13194, 66 FR 7389 (Jan. 23, 2001); E.O. 13213, 66 FR 28829 (May 24, 2001).

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

#### § 591.101 Relation of this part to other laws and regulations.

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. 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. Differing foreign policy and national security circumstances may result in differing interpretations of similar language among the parts of this chapter. 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. No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 591.201 Prohibited importation of rough diamonds.

Except to the extent provided in § 591.202 or authorized by other regulations, orders, directives, rulings, instructions, licenses or otherwise, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted prior to the effective date, the direct or indirect importation into the United States of all rough diamonds from Sierra Leone or Liberia is prohibited.

#### § 591.202 Permitted importation of rough diamonds.

The prohibition in § 591.201 of the importation into the United States of rough diamonds from Sierra Leone



does not apply if the importation is controlled through the Certificate of Origin regime of the Government of Sierra Leone and the rough diamonds have not physically entered the territory of Liberia.

**§ 591.203 Evasions; attempts; conspiracies.**

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted prior to the effective date, any transaction by any United States person or within the United States on or after the effective date that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this part is prohibited.

(b) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted prior to the effective date, any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is prohibited.

**Subpart C—General Definitions**

**§ 591.301 Controlled through the Certificate of Origin regime of the Government of Sierra Leone.**

The term *controlled through the Certificate of Origin regime of the Government of Sierra Leone* means accompanied by a Certificate of Origin or other documentation that demonstrates to the satisfaction of the United States Customs Service (or analogous officials of a United States territory or possession with its own customs administration) that the rough diamonds were legally exported from Sierra Leone with the approval of the Government of Sierra Leone.

**§ 591.302 Effective date.**

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part, which is 12:01 a.m., eastern stand-

ard time, January 19, 2001, with respect to importations of rough diamonds from Sierra Leone and which is 12:01 a.m., eastern daylight time, May 23, 2001, with respect to importations of rough diamonds from Liberia.

**§ 591.303 Entity.**

The term *entity* means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization.

**§ 591.304 Importation into the United States.**

The term *importation into the United States* means the bringing of goods into the United States.

**§ 591.305 Licenses; general and specific.**

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

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

(c) The term *specific license* means any license or authorization not set forth in subpart E of this part but issued pursuant to this part.

NOTE TO § 591.305. See § 501.801 of this chapter on licensing procedures.

**§ 591.306 Person.**

The term *person* means an individual or entity.

**§ 591.307 Rough diamond.**

The term *rough diamond* means all unworked diamonds classifiable in heading 7102 of the Harmonized Tariff Schedule of the United States.

**§ 591.308 Rough diamonds from Sierra Leone or Liberia.**

The term *rough diamonds from Sierra Leone or Liberia* means rough diamonds extracted in Sierra Leone or Liberia and rough diamonds that have physically entered the territories of Sierra Leone or Liberia, regardless of where they have been extracted.

**§ 591.309**

**§ 591.309 United States.**

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

**§ 591.310 United States person; U.S. person.**

The term *United States person* or *U.S. person* means any United States citizen, permanent resident alien, entity 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.

**Subpart D—Interpretations**

**§ 591.401 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 refers to the same as currently amended.

**§ 591.402 Effect of amendment.**

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter 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 does not affect any act done or omitted, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

**§ 591.403 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized.

**31 CFR Ch. V (7–1–02 Edition)**

**§ 591.404 Transshipment or transit through the United States prohibited.**

The prohibitions in § 591.201 apply to the importation into the United States, for transshipment or transit, of rough diamonds from Sierra Leone or Liberia that are intended or destined for any country other than the United States.

**§ 591.405 Direct or indirect importation of rough diamonds from Sierra Leone or Liberia.**

The prohibitions in § 591.201 apply to the importation of rough diamonds from Sierra Leone or Liberia whether those rough diamonds are being imported directly into the United States from Sierra Leone or Liberia, or indirectly through any other country.

**§ 591.406 Importation into and release from a bonded warehouse or foreign trade zone.**

The prohibitions in § 591.201 apply to the importation into and release from a bonded warehouse or foreign trade zone of the United States. However, § 591.201 does not prohibit the release from a bonded warehouse or a foreign trade zone of rough diamonds from Sierra Leone or Liberia that were imported into that bonded warehouse or foreign trade zone prior to the effective date.

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

**§ 591.501 General and specific licensing procedures.**

For provisions relating to licensing procedures, see part 501, subpart D, 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.

**§ 591.502 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

## Office of Foreign Assets Control, Treasury

## § 591.701

Control, authorizes or validates 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 contained in this part 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.

### § 591.503 Exclusion from licenses.

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 conferred by any license. The Director of the Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

## Subpart F—Reports

### § 591.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C, of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part

are considered requirements arising pursuant to this part.

## Subpart G—Penalties

### § 591.701 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 adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that:

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

(2) Whoever willfully violates or willfully attempts to violate any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000 and, if a natural person, may also be imprisoned for not more than 10 years; 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 directed to section 5 of 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, upon conviction, shall be fined not more than \$10,000 and, if a natural person, may also be imprisoned for not more than 10 years; and the officer, director, or agent of any corporation who knowingly participates in such violation or evasion shall be punished by a like fine, imprisonment, or both and any property, funds, securities, papers, or other articles or documents, or any

## § 591.702

## 31 CFR Ch. V (7–1–02 Edition)

vessel, together with her 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.

(d) Attention is also directed to 18 U.S.C. 1001, which provides that whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any materially false, fictitious, or fraudulent statement or representation or makes or uses any false writing or document knowing the same to contain any materially 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) Violations of this part may also be subject to relevant provisions of other applicable laws.

### § 591.702 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, the Director shall notify the alleged violator of the agency's intent to impose a monetary penalty by issuing a prepenalty notice. The prepenalty notice shall be in writing. The prepenalty notice may be issued whether or not another agency has taken any action with respect to the matter.

(b) *Contents of notice*—(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 respond.* The prepenalty notice also shall inform the respondent of respondent's right to make a written presentation within the applicable 30-day period set forth in § 591.703 as to why a monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

(c) *Informal settlement prior to issuance of prepenalty notice.* At any time prior to the issuance of a prepenalty notice, an alleged violator may request in writing that, for a period not to exceed sixty (60) days, the agency withhold issuance of the prepenalty notice for the exclusive purpose of effecting settlement of the agency's potential civil monetary penalty claims. In the event the Director grants the request, under terms and conditions within his discretion, the Office of Foreign Assets Control will agree to withhold issuance of the prepenalty notice for a period not to exceed 60 days and will enter into settlement negotiations of the potential civil monetary penalty claim.

### § 591.703 Response to prepenalty notice; informal settlement.

(a) *Deadline for response.* The respondent may submit a response to the prepenalty notice within the applicable 30-day period set forth in this paragraph. The Director may grant, at his discretion, an extension of time in which to submit a response to the prepenalty notice. The failure to submit a response within the applicable time period set forth in this paragraph shall be deemed to be a waiver of the right to respond.

(1) *Computation of time for response.* A response to the prepenalty notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier) on or before the 30th day after the postmark date on the envelope in which the prepenalty notice was mailed. If the respondent refused delivery or otherwise avoided receipt of the prepenalty notice, a response must be postmarked or date-stamped on or before the 30th day after the date on the stamped postal receipt maintained at the Office of Foreign Assets Control. If the prepenalty notice was personally

delivered to the respondent by a non-U.S. Postal Service agent authorized by the Director, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

(2) *Extensions of time for response.* If a due date falls on a federal holiday or weekend, that due date is extended to include the following business day. Any other extensions of time will be granted, at the Director's discretion, only upon the respondent's specific request to the Office of Foreign Assets Control.

(b) *Form and method of response.* The response must be submitted in writing and may be handwritten or typed. The response need not be in any particular form. A copy of the written response may be sent by facsimile, but the original must also be sent to the Office of Foreign Assets Control Civil Penalties Division by mail or courier and must be postmarked or date-stamped, in accordance with paragraph (a) of this section.

(c) *Contents of response.* A written response must contain information sufficient to indicate that it is in response to the prepenalty notice.

(1) A written response must include the respondent's full name, address, telephone number, and facsimile number, if available, or those of the representative of the respondent.

(2) A written response should either admit or deny each specific violation alleged in the prepenalty notice and also state if the respondent has no knowledge of a particular violation. If the written response fails to address any specific violation alleged in the prepenalty notice, that alleged violation shall be deemed to be admitted.

(3) A written response should include any information in defense, evidence in support of an asserted defense, or other factors that the respondent requests the Office of Foreign Assets Control to consider. Any defense or explanation previously made to the Office of Foreign Assets Control or any other agency must be repeated in the written response. Any defense not raised in the written response will be considered waived. The written response also should set forth the reasons why the respondent believes the penalty should not be imposed or why, if imposed, it

should be in a lesser amount than proposed.

(d) *Default.* If the respondent elects not to submit a written response within the time limit set forth in paragraph (a) of this section, the Office of Foreign Assets Control will conclude that the respondent has decided not to respond to the prepenalty notice. The agency generally will then issue a written penalty notice imposing the penalty proposed in the prepenalty notice.

(e) *Informal settlement.* In addition to or as an alternative to a written response to a prepenalty notice, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. However, the requirements set forth in paragraph (f) of this section as to oral communication by the representative must first be fulfilled. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent will not be required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the time limit specified in paragraph (a) of this section for written response to the prepenalty notice will remain in effect unless additional time is granted by the Office of Foreign Assets Control.

(f) *Representation.* A representative of the respondent may act on behalf of the respondent, but any oral communication with the Office of Foreign Assets Control prior to a written submission regarding the specific allegations contained in the prepenalty notice must be preceded by a written letter of representation, unless the prepenalty notice was served upon the respondent in care of the representative.

## § 591.704

### § 591.704 Penalty imposition or withdrawal.

(a) *No violation.* If, after considering any response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent named in the prepenalty notice, the Director shall notify the respondent in writing of that determination and of the cancellation of the proposed monetary penalty.

(b) *Violation.* (1) If, after considering any written response to the prepenalty notice, or default in the submission of a written response, and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director is authorized to issue a written penalty notice to the respondent of the determination of violation and the imposition of the monetary penalty.

(2) The penalty notice shall inform the respondent that payment or arrangement for installment payment of the assessed penalty must be made within 30 days of the date of mailing of the penalty notice by the Office of Foreign Assets Control.

(3) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

(4) The issuance of the penalty notice finding a violation and imposing a monetary penalty shall constitute final agency action. The respondent has the right to seek judicial review of that final agency action in federal district court.

### § 591.705 Administrative collection; referral to United States Department of Justice.

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of the penalty notice, the matter may be referred for administrative collection

## 31 CFR Ch. V (7-1-02 Edition)

measures by the Department of the Treasury or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in federal district court.

### Subpart H—Procedures

#### § 591.801 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 D, of this chapter.

#### § 591.802 Delegation by the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant to Executive Order 13194 of January 18, 2001 (66 FR 7389, January 23, 2001), Executive Order 13213 of May 22, 2001 (66 FR 28829, May 24, 2001), and any further Executive orders relating to the national emergency declared in Executive Order 13194 may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

### Subpart I—Paperwork Reduction Act

#### § 591.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures (including those pursuant to statements of licensing policy), and 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.

Office of Foreign Assets Control, Treasury

§ 595.101

**PART 595—TERRORISM SANCTIONS REGULATIONS**

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

Sec.

595.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

595.201 Prohibited transactions involving blocked property.  
595.202 Effect of transfers violating the provisions of this part.  
595.203 Holding of certain types of blocked property in interest-bearing accounts.  
595.204 Prohibited dealing in property; contributions of funds, goods, or services.  
595.205 Evasions; attempts; conspiracies.  
595.206 Exempt transactions.

**Subpart C—General Definitions**

595.301 Blocked account; blocked property.  
595.302 Effective date.  
595.303 Entity.  
595.304 Foreign person.  
595.305 General license.  
595.306 Information and informational materials.  
595.307 Interest.  
595.308 License.  
595.309 Person.  
595.310 Property; property interest.  
595.311 Specially designated terrorist.  
595.312 Specific license.  
595.313 Transfer.  
595.314 United States.  
595.315 United States person; U.S. person.  
595.316 U.S. financial institution.

**Subpart D—Interpretations**

595.401 Reference to amended sections.  
595.402 Effect of amendment.  
595.403 Termination and acquisition of an interest in blocked property.  
595.404 Setoffs prohibited.  
595.405 Transactions incidental to a licensed transaction.  
595.406 Provision of services.  
595.407 Offshore transactions.  
595.408 Charitable contributions to specially designated terrorists.

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

595.501 Effect of license or authorization.  
595.502 Exclusion from licenses and authorizations.  
595.503 Payments and transfers to blocked accounts in U.S. financial institutions.  
595.504 Investment and reinvestment of certain funds.

595.505 Entries in certain accounts for normal service charges authorized.  
595.506 Provision of certain legal services to a specially designated terrorist.  
595.507 Authorization of emergency medical services.

**Subpart F—Reports**

595.601 Records and reports.

**Subpart G—Penalties**

595.701 Penalties.  
595.702 Prepenalty notice.  
595.703 Presentation responding to prepenalty notice.  
595.704 Penalty notice.  
595.705 Administrative collection; referral to United States Department of Justice.

**Subpart H—Procedures**

595.801 Procedures.  
595.802 Delegation by the Secretary of the Treasury.

**Subpart I—Paperwork Reduction Act**

595.901 Paperwork Reduction Act notice.  
  
AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12947, 60 FR 5079, 3 CFR, 1995 Comp., p. 319.  
  
SOURCE: 61 FR 3806, Feb. 2, 1996, unless otherwise noted.

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

**§ 595.101 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. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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

## § 595.201

complying with any other applicable laws or regulations.

[61 FR 3806, Feb. 2, 1996, as amended at 62 FR 45111, Aug. 25, 1997]

### Subpart B—Prohibitions

#### § 595.201 Prohibited transactions involving blocked property.

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, no property or interests in property of a specially designated terrorist, 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) 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.

[61 FR 3806, Feb. 2, 1996, as amended at 62 FR 45111, Aug. 25, 1997]

#### § 595.202 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, order, directive, ruling, instruction, license, or other authorization hereunder and involves any property held in the name of a specially designated terrorist or in which a specially designated terrorist 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 held in the name of a specially designated terrorist or in which a specially designated terrorist has an interest, or has had an interest since such date, unless

## 31 CFR Ch. V (7–1–02 Edition)

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, this part, and any regulation, order, directive, ruling, instruction, or license 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) 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 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.

NOTE: The filing of a report in accordance with the provisions of paragraph (d)(3) of this section 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 which, on or since the effective date, was held in the name of a specially designated terrorist or in which there existed an interest of a specially designated terrorist.

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

(a)(1) Any person, including a U.S. financial institution, currently holding property subject to § 595.201 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, shall 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.

(2) The requirement set forth in paragraph (a)(1) of this section shall apply to currency, bank deposits, accounts, obligations, and any other financial or economic resources or 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

specially designated terrorist having an interest in the accounts. If the account is held in the name of a specially designated terrorist, the name of the account to which interest is credited must be the same.

(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.

**§ 595.204 Prohibited dealing in property; contributions of funds, goods, or services.**

Except as otherwise authorized, no U.S. person may deal in property or interests in property of a specially designated terrorist, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of a specially designated terrorist.

**§ 595.205 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 part, 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.

**§ 595.206 Exempt transactions.**

(a) *Personal Communications.* The prohibitions contained in this part do not

apply to any postal, telegraphic, telephonic, or other personal communication, which does not involve the transfer of anything of value.

(b) *Information and informational materials.* (1) The importation from any country and the exportation to any country of information or informational materials as defined in § 595.306, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part.

(2) This section does not authorize transactions related to information and informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services by a U.S. person. Such prohibited transactions include, without limitation, payment of advances for informational materials not yet created and completed, provision of services to market, produce or co-produce, create or assist in the creation of information and informational materials, and payment of royalties to a specially designated terrorist with respect to income received for enhancements or alterations made by U.S. persons to information or informational materials imported from a specially designated terrorist.

(3) This section does not authorize transactions incident to the exportation of technical data under restriction as defined in § 779.4 of the Export Administration Regulations, 15 CFR parts 768-799 (1994), or to the exportation of goods for use in the transmission of any data. The exportation of such goods to specially designated terrorists is prohibited, as provided in § 595.201 of this part.

(c) *Travel.* The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including non scheduled air, sea, or land voyages.

## Subpart C—General Definitions

### § 595.301 Blocked account; blocked property.

The terms *blocked account* and *blocked property* shall mean any account or property subject to the prohibition in § 595.201 held in the name of a specially designated terrorist or in which a specially designated terrorist 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 the Office of Foreign Assets Control authorizing such action.

### § 595.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part which is 12:01 a.m. EST, January 24, 1995, or, in the case of specially designated terrorists designated after that date, the earlier of the date on which a person receives actual or constructive notice of such designation.

### § 595.303 Entity.

The term *entity* means a partnership, association, corporation, or other organization, group or subgroup.

### § 595.304 Foreign person.

The term *foreign person* means any citizen or national of a foreign state (including any such individual who is also a citizen or national of the United States), or any entity not organized solely under the laws of the United States or existing solely in the United States, but does not include a foreign state.

### § 595.305 General license.

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

### § 595.306 Information and informational materials.

(a)(1) For purposes of this part, the term *information and informational materials* means publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news

wire feeds, and other information and informational articles.

(2) To be considered informational materials, artworks must be classified under chapter subheading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The terms *information* and *informational materials* with respect to U.S. exports do not include items:

(1) That were, as of April 30, 1994, or that thereafter become, controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401–2420 (the “EAA”), or section 6 of the EAA to the extent that such controls promote nonproliferation or antiterrorism policies of the United States, including “software” that is not “publicly available” as these terms are defined in 15 CFR Parts 779 and 799.1; or

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

#### § 595.307 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.

#### § 595.308 License.

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

#### § 595.309 Person.

The term *person* means an individual or entity.

#### § 595.310 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, guarantees, 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, merchan-

dise, 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.

#### § 595.311 Specially designated terrorist.

(a) The term *specially designated terrorist* means:

(1) Persons listed in the Annex to Executive Order 12947;

(2) Foreign persons designated by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, because they are found:

(i) To have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process, or

(ii) To assist in, sponsor, or provide financial, material, or technological support for, or services in support of, such acts of violence; and

(3) Persons determined by the Secretary of the Treasury, in coordination with the Secretary of State and the Attorney General, to be owned or controlled by, or to act for or on behalf of, any other specially designated terrorist.

(b) [Reserved]

NOTE TO § 595.311: Please refer to the appendices at the end of this chapter for listings of persons 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 who wish to assert that the circumstances resulting in the designation are no longer applicable.

[61 FR 3806, Feb. 2, 1996, as amended at 61 FR 32938, June 26, 1996; 62 FR 45111, Aug. 25, 1997]

## § 595.312

### § 595.312 Specific license.

The term *specific license* means any license or authorization not set forth in this part but issued pursuant to this part.

### § 595.313 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

### § 595.314 United States.

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

### § 595.315 United States person; U.S. person.

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

## 31 CFR Ch. V (7–1–02 Edition)

branches); or any person in the United States.

### § 595.316 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.

## Subpart D—Interpretations

### § 595.401 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.

### § 595.402 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.

**§ 595.403 Termination and acquisition of an interest in blocked property.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a specially designated terrorist, such property shall no longer be deemed to be property in which a specially designated terrorist has or has had an interest, or which is held in the name of a specially designated terrorist, unless there exists in the property another interest of a specially designated terrorist, 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 a specially designated terrorist, including by the making of any contribution of funds, goods, or services to or for the benefit of a specially designated terrorist, such property shall be deemed to be property in which there exists an interest of the specially designated terrorist.

**§ 595.404 Setoffs prohibited.**

A setoff against blocked property (including a blocked account), whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 595.201 if effected after the effective date.

**§ 595.405 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except a transaction by an unlicensed, specially designated terrorist or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license.

**§ 595.406 Provision of services.**

(a) Except as provided in § 595.206, the prohibitions contained in §§ 595.201 and

595.204 apply to services performed by U.S. persons, wherever located:

(1) On behalf of, or for the benefit of, a specially designated terrorist; or

(2) With respect to property interests of a specially designated terrorist.

(b) *Example:* U.S. persons may not, except as authorized by the Office of Foreign Assets Control by or pursuant to this part, provide legal, accounting, public relations, educational, or other services to a specially designated terrorist. See § 595.506.

**§ 595.407 Offshore transactions.**

The prohibitions contained in § 595.201 apply to transactions by U.S. persons in locations outside the United States with respect to property which the U.S. person knows, or has reason to know, is held in the name of a specially designated terrorist, or in which the U.S. person knows, or has reason to know, a specially designated terrorist has or has had an interest since the effective date.

**§ 595.408 Charitable contributions to specially designated terrorists.**

(a) Unless otherwise specifically authorized by the Office of Foreign Assets Control by or pursuant to this part, no charitable contribution or donation of funds, goods, services, or technology to relieve human suffering, such as food, clothing or medicine, may be made to or for the benefit of a specially designated terrorist. For purposes of this part, a contribution or donation is made to or for the benefit of a specially designated terrorist if made to or in the name of a specially designated terrorist; if made to or in the name of an entity or individual acting for or on behalf of, or owned or controlled by, a specially designated terrorist; or if made in an attempt to violate, to evade or to avoid the bar on the provision of contributions or donations to specially designated terrorists.

(b) Individuals and organizations who donate or contribute funds, goods, services or technology without knowledge or reason to know that the donation or contribution is destined to or for the benefit of a specially designated terrorist shall not be subject to penalties for such donation or contribution.

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

#### § 595.501 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 this part 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.

#### § 595.502 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.

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

(a) Any payment of funds or transfer of credit or other financial or economic resources or assets into a blocked account in a U.S. financial institution is authorized, provided that a transfer from a blocked account pursuant to this authorization may only be made to another blocked account held in the same name on the books of the same U.S. financial institution.

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

NOTE TO § 595.503: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[61 FR 3806, Feb. 2, 1996, as amended at 62 FR 45111, Aug. 25, 1997]

#### § 595.504 Investment and reinvestment of certain funds.

(a) U.S. financial institutions are hereby authorized and directed to invest and reinvest assets held in blocked accounts in the name of a specially designated terrorist, subject to the following conditions:

(1) The assets representing such investments and reinvestments are credited to a blocked account or sub-account which is in the name of the specially designated terrorist and which is located in the United States or within the possession or control of a U.S. person; and

(2) The proceeds of such investments and reinvestments are not credited 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 funds or securities were held; and

(3) No immediate financial or economic benefit or access accrues (*e.g.*, through pledging or other use) to the specially designated terrorist.

(b)(1) U.S. persons seeking to avail themselves of this authorization must register with the Office of Foreign Assets Control, Blocked Assets Section, before undertaking transactions authorized under this section.

(2) Transactions conducted pursuant to this section must be reported to the

Office of Foreign Assets Control, Blocked Assets Division, in a report filed no later than 10 business days following the last business day of the month in which the transactions occurred.

**§ 595.505 Entries in certain accounts for normal service charges authorized.**

(a) U.S. financial institutions are hereby authorized to debit any blocked account with such U.S. financial institution in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account.

(b) As used in this section, the term *normal service charge* shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photostats, credit reports, transcripts of statements, registered mail insurance, stationary and supplies, check books, and other similar items.

**§ 585.506 Provision of certain legal services to a specially designated terrorist.**

(a) The provision to or on behalf of a specially designated terrorist of the legal services set forth in paragraph (b) of this section is authorized, provided that all receipts of payment therefor must be specifically licensed. The provision of any other legal services as interpreted in § 595.406 requires the issuance of a specific license.

(b) Specific licenses may be issued, on a case-by-case basis, authorizing receipt of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to a specially designated terrorist:

(1) Provision of legal advice and counselling to a specially designated terrorist on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counselling is not provided to facilitate transactions in violation of this part;

(2) Representation of a specially designated terrorist when named as a defendant in or otherwise made a party to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction of a specially designated terrorist;

(4) Representation of a specially designated terrorist before any federal agency with respect to the imposition, administration, or enforcement of U.S. sanctions against a specially designated terrorist; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) Enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment or other judicial process purporting to transfer or otherwise alter or affect a property interest of a specially designated terrorist is prohibited unless specifically licensed in accordance with § 595.202(e).

**§ 595.507 Authorization of emergency medical services.**

The provision of nonscheduled emergency medical services to a specially designated terrorist located in the United States is authorized, provided that any payment for such services requires prior authorization by specific license.

**Subpart F—Reports**

**§ 595.601 Records and reports.**

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

[62 FR 45111, Aug. 25, 1997]

**Subpart G—Penalties**

**§ 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

## § 595.702

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 adjusted 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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

[61 FR 3806, Feb. 2, 1996, as amended at 61 FR 54940, Oct. 23, 1996; 62 FR 45111, Aug. 25, 1997]

### § 595.702 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

## 31 CFR Ch. V (7-1-02 Edition)

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 penalty. 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 presentation.* 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.

### § 595.703 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 of the Office of Foreign Assets Control.

(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.

### § 595.704 Penalty notice.

(a) *No violation.* If, after considering any presentations made in response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the person named in the prepenalty notice, he promptly shall notify the person in writing of that 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 of the Office of Foreign Assets Control 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.

**§ 595.705 Administrative collection; referral to United States Department of Justice.**

In the event that the person named does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the mailing of the written notice of the imposition of the penalty, the matter may be referred for administrative collection measures by the Department of the Treasury or 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**

**§ 595.801 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 subpart D of part 501 of this chapter.

[62 FR 45111, Aug. 25, 1997]

**§ 595.802 Delegation by the Secretary of the Treasury.**

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 12947 or any further Executive orders relating to the national emergency declared in Executive Order 12947 may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

[61 FR 3806, Feb. 2, 1996. Redesignated at 62 FR 45111, Aug. 25, 1997]

**Subpart I—Paperwork Reduction Act**

**§ 595.901 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 45111, Aug. 25, 1997]

**PART 596—TERRORISM LIST GOVERNMENTS SANCTIONS REGULATIONS**

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

Sec.

596.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

596.201 Prohibited financial transactions.  
596.202 Evasions; attempts; conspiracies.

**Subpart C—General Definitions**

596.301 Donation.  
596.302 Effective date.  
596.303 Financial institution.  
596.304 Financial transaction.  
596.305 General license.  
596.306 License.  
596.307 Monetary instruments.  
596.308 Person; entity.  
596.309 Specific license.  
596.310 Terrorism List Government.  
596.311 Transaction.  
596.312 United States.  
596.313 United States person.

**Subpart D—Interpretations**

596.401 Reference to amended sections.  
596.402 Effect of amendment.  
596.403 Transactions incidental to a licensed transaction.  
596.404 Financial transactions transferred through a bank of a Terrorism List Government.

**§ 596.101**

**31 CFR Ch. V (7-1-02 Edition)**

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

- 596.501 Effect of license or authorization.
- 596.502 Exclusion from licenses and authorizations.
- 596.503 Financial transactions with a Terrorism List Government otherwise subject to 31 CFR chapter V.
- 596.504 Certain financial transactions with Terrorism List Governments authorized.
- 596.505 Certain transactions related to stipends and scholarships authorized.

**Subpart F—Reports**

- 596.601 Records and reports.

**Subpart G—Penalties**

- 596.701 Penalties.

**Subpart H—Procedures**

- 596.801 Procedures.
- 596.802 Delegation by the Secretary of the Treasury.

**Subpart I—Paperwork Reduction Act**

- 596.901 Paperwork Reduction Act notice.  
AUTHORITY: 18 U.S.C. 2332d; 31 U.S.C. 321(b).  
SOURCE: 61 FR 43463, Aug. 23, 1996, unless otherwise noted.

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

**§ 596.101 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. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. Except as otherwise authorized in this part, no license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. Except as otherwise authorized in 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. See § 596.503.

(b) No license or authorization contained in or issued pursuant to this

part relieves the involved parties from complying with any other applicable laws or regulations.

[61 FR 43463, Aug. 23, 1996, as amended at 62 FR 45112, Aug. 25, 1997]

**Subpart B—Prohibitions**

**§ 596.201 Prohibited financial transactions.**

Except as authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, no United States 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, shall engage in a financial transaction with the government of that country. Countries designated under section 6(j) of the Export Administration Act as of the effective date of this part are listed in the following schedule.

**SCHEDULE:**

- Cuba.
- Iran.
- Iraq.
- Libya.
- North Korea.
- Sudan.
- Syria.

**§ 596.202 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 part, 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.

**Subpart C—General Definitions**

**§ 596.301 Donation.**

The term *donation* means a transfer made in the form of a gift or charitable contribution.

**§ 596.302 Effective date.**

The term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part which is 12:01 a.m. EDT, August 22, 1996.

**§ 596.303 Financial institution.**

The term *financial institution* shall have the definition given that term in 31 U.S.C. 5312(a)(2) or the regulations promulgated thereunder, as from time to time amended.

NOTE: The breadth of the definition precludes its reproduction in this section.

**§ 596.304 Financial transaction.**

The term *financial transaction* shall have the meaning set forth in 18 U.S.C. 1956(c)(4), as from time to time amended. As of the effective date, this term includes:

(a) A transaction which in any way or degree affects interstate or foreign commerce;

(1) Involving the movement of funds by wire or other means; or

(2) Involving one or more monetary instruments; or

(3) Involving the transfer of title to any real property, vehicle, vessel, or aircraft; or

(b) A transaction involving the use of a financial institution which is engaged in, or the activities of which affect, interstate or foreign commerce in any way or degree.

**§ 596.305 General license.**

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

**§ 596.306 License.**

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

**§ 596.307 Monetary instruments.**

The term *monetary instruments* shall have the meaning set forth in 18 U.S.C. 1956(c)(5), as from time to time amended. As of the effective date, this term includes coin or currency of the United States or of any other country, travelers' checks, personal checks, bank checks, and money orders, or invest-

ment securities or negotiable instruments, in bearer form or otherwise in such form that title thereto passes upon delivery.

**§ 596.308 Person; entity.**

(a) The term *person* means an individual or entity.

(b) The term *entity* means a partnership, association, corporation, or other organization.

**§ 596.309 Specific license.**

The term *specific license* means any license or authorization not set forth in this part but issued pursuant to this part.

**§ 596.310 Terrorism List Government.**

The term *Terrorism List Government* includes:

(a) The government of a country designated under section 6(j) of the Export Administration Act, as well as any political subdivision, agency, or instrumentality thereof, including the central bank of such a country;

(b) Any entity owned or controlled by such a government.

**§ 596.311 Transaction.**

The term *transaction* shall have the meaning set forth in 18 U.S.C. 1956(c)(3), as from time to time amended. As of the effective date, this term includes a purchase, sale, loan, pledge, gift, transfer, delivery, or other disposition, and with respect to a financial institution includes a deposit, withdrawal, transfer between accounts, exchange of currency, loan, extension of credit, purchase or sale of any stock, bond, certificate of deposit, or other monetary instrument, use of a safe deposit box, or any other payment, transfer, or delivery by, through, or to a financial institution, by whatever means effected.

**596.312 United States.**

The term *United States* means the United States, including its territories and possessions.

**§ 596.313 United States person.**

The term *United States person* means any United States citizen or national, permanent resident alien, juridical person organized under the laws of the

**§ 596.401**

United States, or any person in the United States.

**Subpart D—Interpretations**

**§ 596.401 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 refers to the same as currently amended.

**§ 596.402 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 does not, unless otherwise specifically provided, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

**§ 596.403 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized.

**§ 596.404 Financial transactions transferred through a bank of a Terrorism List Government.**

For the purposes of this part only, a financial transaction not originated by a Terrorism List Government, but transferred to the United States through a bank owned or controlled by a Terrorism List Government, shall not be deemed a financial transaction with the government of a country supporting international terrorism pursuant to § 596.201.

**31 CFR Ch. V (7–1–02 Edition)**

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

**§ 596.501 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, authorizes or validates any transaction effected prior to the issuance of the license, unless specifically provided in such license or other authorization.

(b) No regulation, ruling, instruction, or license authorizes a 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 a part in 31 CFR chapter V. No regulation, ruling, instruction, or license referring to this part authorizes any transactions 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 this part 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.

**§ 596.502 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,

## Office of Foreign Assets Control, Treasury

## § 596.802

or classes thereof. Such action is binding upon all persons receiving actual or constructive notice of such exclusion or restriction.

### § 596.503 Financial transactions with a Terrorism List Government otherwise subject to 31 CFR chapter V.

United States persons are authorized to engage in financial transactions with a Terrorism List Government that is subject to regulations contained in parts of 31 CFR chapter V other than this part to the extent and subject to the conditions stated in such other parts, or in any regulations, orders, directives, rulings, instructions, or licenses issued pursuant thereto.

### § 596.504 Certain financial transactions with Terrorism List Governments authorized.

(a) United States persons are authorized to engage in all financial transactions with a Terrorism List Government that is not otherwise subject to 31 CFR chapter V, except for a transfer from a Terrorism List Government:

(1) Constituting a donation to a United States person; or

(2) With respect to which the United States person knows (including knowledge based on advice from an agent of the United States Government), or has reasonable cause to believe, that the transfer poses a risk of furthering terrorist acts in the United States.

(b) Nothing in this section authorizes the return of a transfer prohibited by paragraph (a)(2) of this section.

### § 596.505 Certain transactions related to stipends and scholarships authorized.

(a) United States persons are authorized to engage in all financial transactions with respect to stipends and scholarships covering tuition and related educational, living and travel expenses provided by the Government of Syria to Syrian nationals or the Government of Sudan to Sudanese nationals who are enrolled as students in an accredited educational institution in the United States. Representations made by an accredited educational institution concerning the status of a student maybe relied upon in determining the applicability of this section.

(b) Nothing in this section authorizes a transaction prohibited by § 596.504(a)(2).

[61 FR 67944, Dec. 26, 1996]

## Subpart F—Reports

### § 596.601 Records and reports.

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

[62 FR 45112, Aug. 25, 1997]

## Subpart G—Penalties

### § 596.701 Penalties.

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 United States 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.

## Subpart H—Procedures

### § 596.801 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 subpart D of part 501 of this chapter.

[62 FR 45112, Aug. 25, 1997]

### § 596.802 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to section 321 of the Antiterrorism and Effective Death Penalty Act of 1996, Pub. L. 104-132, 110 Stat. 1214, 1254 (18 U.S.C. 2332d), may be

## § 596.901

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.

[61 FR 43463, Aug. 23, 1996. Redesignated at 62 FR 45112, Aug. 25, 1997]

### Subpart I—Paperwork Reduction Act

#### § 596.901 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 45112, Aug. 25, 1997]

## PART 597—FOREIGN TERRORIST ORGANIZATIONS SANCTIONS REGULATIONS

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

Sec.

597.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

597.201 Prohibited transactions involving blocked assets or funds of foreign terrorist organizations or their agents.

597.202 Effect of transfers violating the provisions of this part.

597.203 Holding of funds in interest-bearing accounts; investment and reinvestment.

597.204 Evasions; attempts; conspiracies.

### Subpart C—General Definitions

597.301 Agent.  
597.302 Assets.  
597.303 Blocked account; blocked funds.  
597.304 Designation.  
597.305 Effective date.  
597.306 Entity.  
597.307 Financial institution.  
597.308 Financial transaction.

## 31 CFR Ch. V (7–1–02 Edition)

597.309 Foreign terrorist organization.  
597.310 Funds.  
597.311 General license.  
597.312 Interest.  
597.313 License.  
597.314 Person.  
597.315 Specific license.  
597.316 Transaction.  
597.317 Transfer.  
597.318 United States.  
597.319 U.S. financial institution.

### Subpart D—Interpretations

597.401 Reference to amended sections.  
597.402 Effect of amendment.  
597.403 Termination and acquisition of an interest in blocked funds.  
597.404 Setoffs prohibited.  
597.405 Transactions incidental to a licensed transaction.  
597.406 Offshore transactions.

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

597.501 Effect of license or authorization.  
597.502 Exclusion from licenses and authorizations.  
597.503 Payments and transfers to blocked accounts in U.S. financial institutions.  
597.504 Entries in certain accounts for normal service charges authorized.  
597.505 Payment for certain legal services.

### Subpart F—Reports

597.601 Records and reports.

### Subpart G—Penalties

597.701 Penalties.  
597.702 Prepenalty notice.  
597.703 Response to prepenalty notice.  
597.704 Penalty notice.  
597.705 Administrative collection; referral to United States Department of Justice.

### Subpart H—Procedures

597.801 Procedures.  
597.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

597.901 Paperwork Reduction Act notice.

AUTHORITY: 31 U.S.C. 321(b); Pub. L. 104-132, 110 Stat. 1214, 1248-53 (8 U.S.C. 1189, 18 U.S.C. 2339B).

SOURCE: 62 FR 52495, Oct. 8, 1997, unless otherwise noted.

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

#### § 597.101 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. Differing statutory authority and foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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 complying with any other applicable laws or regulations. This part does not implement, construe, or limit the scope of any other part of this chapter, including (but not limited to) the Terrorism Sanctions Regulations, part 595 of this chapter, and does not excuse any person from complying with any other part of this chapter, including (but not limited to) part 595 of this chapter.

(c) This part does not implement, construe, or limit the scope of any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 2339A, and does not excuse any person from complying with any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 18 U.S.C. 2339A.

### Subpart B—Prohibitions

#### § 597.201 Prohibited transactions involving blocked assets or funds of foreign terrorist organizations or their agents.

(a) Upon notification to Congress of the Secretary of State's intent to designate an organization as a foreign terrorist organization pursuant to 8 U.S.C. 1189(a), until the publication in the

FEDERAL REGISTER as described in paragraph (c) of this section, any U.S. financial institution receiving notice from the Secretary of the Treasury by means of order, directive, instruction, regulation, ruling, license, or otherwise shall, except as otherwise provided in such notice, block all financial transactions involving any assets of such organization within the possession or control of such U.S. financial institution until further directive from the Secretary of the Treasury, Act of Congress, or order of court.

(b) Except as otherwise authorized by order, directive, instruction, regulation, ruling, license, or otherwise, from and after the designation of an organization as a foreign terrorist organization pursuant to 8 U.S.C. 1189(a), any U.S. financial institution that becomes aware that it has possession of or control over any funds in which the designated foreign terrorist organization or its agent has an interest shall:

- (1) Retain possession of or maintain control over such funds; and
- (2) Report to the Secretary of the Treasury the existence of such funds in accordance with § 501.603 of this chapter.

(c) Publication in the FEDERAL REGISTER of the designation of an organization as a foreign terrorist organization pursuant to 8 U.S.C. 1189(a) shall be deemed to constitute a further directive from the Secretary of the Treasury for purposes of paragraph (a) of this section, and shall require the actions contained in paragraph (b) of this section.

(d) The requirements of paragraph (b) of this section shall remain in effect until the effective date of an administrative, judicial, or legislative revocation of the designation of an organization as a foreign terrorist organization, or until the designation lapses, pursuant to 8 U.S.C. 1189.

(e) 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. Requests for the unblocking of funds pursuant to

**§ 597.202**

§ 501.806 must be submitted to the attention of the Compliance Programs Division.

**§ 597.202 Effect of transfers violating the provisions of this part.**

(a) Any transfer after the effective date which is in violation of § 597.201 or any other provision of this part or of any regulation, order, directive, ruling, instruction, license, or other authorization hereunder and involves any funds or assets held in the name of a foreign terrorist organization or its agent or in which a foreign terrorist organization or its agent 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 funds or assets.

(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 funds or assets held in the name of a foreign terrorist organization or its agent or in which a foreign terrorist organization or its agent has an interest, or has had an interest since such date, unless the financial institution with whom such funds or assets are 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 this part, and any regulation, order, directive, ruling, instruction, or license issued hereunder.

(d) Transfers of funds or assets 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 financial institution with whom such funds or assets were held or maintained (and as to such financial institution only) in cases in which such financial institution is able to establish to

**31 CFR Ch. V (7-1-02 Edition)**

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 financial institution with whom such funds or assets were held or maintained;

(2) The financial institution with which such funds or assets were 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 institution, 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) The financial institution with which such funds or assets were held or maintained filed with the Office of Foreign Assets Control a report setting forth in full the circumstances relating to such transfer 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.

NOTE TO PARAGRAPH (d): The filing of a report in accordance with the provisions of paragraph (d)(3) of this section shall not be deemed evidence that the terms of paragraphs (d)(1) and (2) of this section have been satisfied.

(e) Except for exercises of judicial authority pursuant to 8 U.S.C. 1189(b), 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 funds or assets which, on or since the effective date, were in the possession or control of a



U.S. financial institution and were held in the name of a foreign terrorist organization or its agent or in which there existed an interest of a foreign terrorist organization or its agent.

**§ 597.203 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraph (c) of this section, or as otherwise directed by the Office of Foreign Assets Control, any U.S. financial institution holding funds subject to § 597.201(b) shall hold or place such funds in a blocked interest-bearing account which is in the name of the foreign terrorist organization or its agent and which is located in the United States.

(b)(1) For purposes of this section, the term *interest-bearing account* means a blocked account:

(i) in a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates which are commercially reasonable for the amount of funds in the account or certificate of deposit; or

(ii) with a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, provided the funds are invested in a money market fund or in U.S. Treasury Bills.

(2) Funds held or placed in a blocked interest-bearing account pursuant to this paragraph may not be invested in instruments the maturity of which exceeds 180 days. If interest is credited to a separate blocked account or sub-account, the name of the account party on each account must be the same and must clearly indicate the foreign terrorist organization or agent having an interest in the accounts.

(c) Blocked funds held as of the effective date in the form of stocks, bonds, debentures, letters of credit, or instruments which cannot be negotiated for the purpose of placing the funds in a blocked interest-bearing account pursuant to paragraph (a) may continue to be held in the form of the existing security or instrument until liquidation or maturity, provided that any dividends, interest income, or other proceeds derived therefrom are paid into a blocked interest-bearing account in ac-

cordance with the requirements of this section.

(d) Funds subject to this section may not be held, invested, or reinvested in a manner in which an immediate financial or economic benefit or access accrues to the foreign terrorist organization or its agent.

**§ 597.204 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 part, 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.

**Subpart C—General Definitions**

**§ 597.301 Agent.**

(a) The term *agent* means:

(1) Any person owned or controlled by a foreign terrorist organization; or

(2) 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 a foreign terrorist organization.

(b) The term *agent* includes, but is not limited to, any person determined by the Director of the Office of Foreign Assets Control to be an agent as defined in paragraph (a) of this section.

NOTE TO § 597.301: Please refer to the appendices at the end of this chapter for listings of persons designated as foreign terrorist organizations or their agents. Section 501.807 of this chapter sets forth the procedures to be followed by a person seeking administrative reconsideration of a designation as an agent, or who wishes to assert that the circumstances resulting in the designation as an agent are no longer applicable.

**§ 597.302 Assets.**

The term *assets* includes, but is not limited to, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, guarantees, debentures, stocks, bonds,

### § 597.303

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.

### § 597.303 Blocked account; blocked funds.

The terms *blocked account* and *blocked funds* shall mean any account or funds subject to the prohibitions in § 597.201 held in the name of a foreign terrorist organization or its agent or in which a foreign terrorist organization or its agent 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 the Office of Foreign Assets Control authorizing such action.

### § 597.304 Designation.

The term *designation* includes both the designation and redesignation of a foreign terrorist organization pursuant to 8 U.S.C. 1189.

### § 597.305 Effective date.

Except as that term is used in § 597.201(d), the term *effective date* refers to the effective date of the applicable prohibitions and directives contained in this part which is October 6, 1997, or, in the case of foreign terrorist organi-

### 31 CFR Ch. V (7-1-02 Edition)

zations designated after that date and their agents, the earlier of the date on which a financial institution receives actual or constructive notice of such designation or of the Secretary of Treasury's exercise of his authority to block financial transactions pursuant to 8 U.S.C. 1189(a)(2)(C) and § 597.201(a).

### § 597.306 Entity.

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

### § 597.307 Financial institution.

The term *financial institution* shall have the definition given that term in 31 U.S.C. 5312(a)(2) as from time to time amended, notwithstanding the definition of that term in 31 CFR part 103.

NOTE: The breadth of the statutory definition of *financial institution* precludes its reproduction in this section. Among the types of businesses covered are insured banks (as defined in 12 U.S.C. 1813(h)), commercial banks or trust companies, private bankers, agencies or branches of a foreign bank in the United States, insured institutions (as defined in 12 U.S.C. 1724(a)), thrift institutions, brokers or dealers registered with the Securities and Exchange Commission under 15 U.S.C. 78a *et seq.*, securities or commodities brokers and dealers, investment bankers or investment companies, currency exchanges, issuers, redeemers, or cashiers of traveler's checks, checks, money orders, or similar instruments, credit card system operators, insurance companies, dealers in precious metals, stones or jewels, pawnbrokers, loan or finance companies, travel agencies, licensed senders of money, telegraph companies, businesses engaged in vehicle sales, including automobile, airplane or boat sales, persons involved in real estate closings and settlements, the United States Postal Service, a casino, gambling casino, or gaming establishment with an annual gaming revenue of more than \$1,000,000 as further described in 31 U.S.C. 5312(a)(2), or agencies of the United States Government or of a State or local government carrying out a duty or power of any of the businesses described in 31 U.S.C. 5312(a)(2).

### § 597.308 Financial transaction.

The term *financial transaction* means a transaction involving the transfer or movement of funds, whether by wire or other means.

**§ 597.309 Foreign terrorist organization.**

The term *foreign terrorist organization* means an organization designated or redesignated as a foreign terrorist organization, or with respect to which the Secretary of State has notified Congress of the intention to designate as a foreign terrorist organization, under 8 U.S.C. 1189(a).

**§ 597.310 Funds.**

The term *funds* includes coin or currency of the United States or any other country, traveler's checks, personal checks, bank checks, money orders, stocks, bonds, debentures, drafts, letters of credit, any other negotiable instrument, and any electronic representation of any of the foregoing. An electronic representation of any of the foregoing includes any form of digital or electronic cash, coin, or currency in use currently or placed in use in the future.

**§ 597.311 General license.**

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

**§ 597.312 Interest.**

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

**§ 597.313 License.**

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

**§ 597.314 Person.**

The term *person* means an individual or entity.

**§ 597.315 Specific license.**

The term *specific license* means any license or authorization not set forth in this part but issued pursuant to this part.

**§ 597.316 Transaction.**

The term *transaction* shall have the meaning set forth in 18 U.S.C.

1956(c)(3), as from time to time amended. As of the effective date, this term includes a purchase, sale, loan, pledge, gift, transfer, delivery, or other disposition of any asset, and with respect to a financial institution includes a deposit, withdrawal, transfer between accounts, exchange of currency, loan, extension of credit, purchase or sale of any stock, bond, certificate of deposit, or other monetary instrument, use of a safe deposit box, or any other payment, transfer, or delivery by, through, or to a financial institution, by whatever means effected.

**§ 597.317 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or 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 decree 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.

**§ 597.318 United States.**

The term *United States* means the United States, its territories, states,

commonwealths, districts, and possessions, and all areas under the jurisdiction or authority thereof.

**§ 597.319 U.S. financial institution.**

The term *U.S. financial institution* means:

(a) Any financial institution organized under the laws of the United States, including such financial institution's foreign branches;

(b) Any financial institution operating or doing business in the United States; or

(c) Those branches, offices and agencies of foreign financial institutions which are located in the United States, but not such foreign financial institutions' other foreign branches, offices, or agencies.

**Subpart D—Interpretations**

**§ 597.401 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.

**§ 597.402 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.

**§ 597.403 Termination and acquisition of an interest in blocked funds.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of funds (including any interest in funds) away

from a foreign terrorist organization or its agent, such funds shall no longer be deemed to be funds in which the foreign terrorist organization or its agent has or has had an interest, or which are held in the name of a foreign terrorist organization or its agent, unless there exists in the funds another interest of a foreign terrorist organization or its agent, 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 funds (including any interest in funds) are or at any time since the effective date have been held by a foreign terrorist organization or its agent, or at any time thereafter are transferred or attempted to be transferred to a foreign terrorist organization or its agent, including by the making of any contribution to or for the benefit of a foreign terrorist organization or its agent, such funds shall be deemed to be funds in which there exists an interest of the foreign terrorist organization or its agent.

**§ 597.404 Setoffs prohibited.**

A setoff against blocked funds (including a blocked account) by a U.S. financial institution is a prohibited transaction under § 597.201 if effected after the effective date.

**§ 597.405 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except a transaction by an unlicensed, foreign terrorist organization or its agent or involving a debit to a blocked account or a transfer of blocked funds not explicitly authorized within the terms of the license.

**§ 597.406 Offshore transactions.**

The prohibitions contained in § 597.201 apply to transactions by U.S. financial institutions in locations outside the United States with respect to funds or assets which the U.S. financial institution knows, or becomes aware, are held in the name of a foreign terrorist organization or its agent, or in which the U.S. financial institution

knows, or becomes aware that, a foreign terrorist organization or its agent has or has had an interest since the effective date.

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

#### § 597.501 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 this part 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.

#### § 597.502 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.

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

(a) Any payment of funds or transfer of credit or other financial or economic resources or assets by a financial institution into a blocked account in a U.S. financial institution is authorized, provided that a transfer from a blocked account pursuant to this authorization may only be made to another blocked account held in the same name on the books of the same U.S. financial institution.

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

NOTE TO § 597.503: Please refer to §§ 501.603 and 597.601 of this chapter for mandatory reporting requirements regarding financial transfers.

#### § 597.504 Entries in certain accounts for normal service charges authorized.

(a) U.S. financial institutions are hereby authorized to debit any blocked account with such U.S. financial institution in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account.

(b) As used in this section, the term normal service charge shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, notary and protest fees, and charges for reference books, photostats, credit reports, transcripts of statements, registered mail insurance, stationery and supplies, check books, and other similar items.

#### § 597.505 Payment for certain legal services.

Specific licenses may be issued, on a case-by-case basis, authorizing receipt of payment of professional fees and reimbursement of incurred expenses through a U.S. financial institution for

## § 597.601

the following legal services by U.S. persons:

(a) Provision of legal advice and counseling to a foreign terrorist organization or an agent thereof on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling is not provided to facilitate transactions in violation of any of the prohibitions of this part;

(b) Representation of a foreign terrorist organization or an agent thereof when named as a defendant in or otherwise made a party to domestic U.S. legal, arbitration, or administrative proceedings;

(c) Initiation and conduct of domestic U.S. legal, arbitration, or administrative proceedings on behalf of a foreign terrorist organization or an agent thereof;

(d) Representation of a foreign terrorist organization or an agent thereof before any federal or state agency with respect to the imposition, administration, or enforcement of U.S. sanctions against a foreign terrorist organization or an agent thereof;

(e) Provision of legal services to a foreign terrorist organization or an agent thereof in any other context in which prevailing U.S. law requires access to legal counsel at public expense; and

(f) Representation of a foreign terrorist organization seeking judicial review of a designation before the United States Court of Appeals for the District of Columbia Circuit pursuant to 8 U.S.C. 1189(b)(1).

### Subpart F—Reports

#### § 597.601 Records and reports.

For provisions relating to records and reports, see subpart C of part 501 of this chapter; provided, however, that all of the powers afforded the Director pursuant to the first 3 sentences of § 501.602 of this chapter may also be exercised by the Attorney General in conducting administrative investigations pursuant to 18 U.S.C. 2339B(e); provided further, that the investigative authority of the Director pursuant to § 501.602 of this chapter shall be exercised in accordance with 18 U.S.C. 2339B(e); and provided further, that for purposes of

## 31 CFR Ch. V (7–1–02 Edition)

this part no person other than a U.S. financial institution and its directors, officers, employees, and agents shall be required to maintain records or to file any reports or furnish any information under §§ 501.601, 501.602, or 501.603 of this chapter.

### Subpart G—Penalties

#### § 597.701 Penalties.

(a) Attention is directed to 18 U.S.C. 2339B(a)(1), as added by Public Law 104–132, 110 Stat. 1250–1253, section 303, which provides that whoever, within the United States or subject to the jurisdiction of the United States, knowingly provides material support or resources to a foreign terrorist organization, or attempts or conspires to do so, shall be fined under title 18, United States Code, or imprisoned for not more than 10 years, or both.

(b) Attention is directed to 18 U.S.C. 2339B(b), as added by Public Law 104–132, 110 Stat. 1250–1253, section 303, which provides that, except as authorized by the Secretary of the Treasury, any financial institution that knowingly fails to retain possession of or maintain control over funds in which a foreign terrorist organization or its agent has an interest, or to report the existence of such funds in accordance with these regulations, shall be subject to a civil penalty in an amount that is the greater of \$50,000 per violation, or twice the amount of which the financial institution was required to retain possession or control.

(c) Attention is directed to 18 U.S.C. 1001, which provides that whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any materially false, fictitious or fraudulent statement or representation, or makes or uses any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry, shall be fined under title 18, United States Code, or imprisoned not more than 5 years, or both.

(d) Conduct covered by this part may also be subject to relevant provisions of other applicable laws.

**§ 597.702 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, and the Director, acting in coordination with the Attorney General, determines that civil penalty proceedings are warranted, the Director shall issue to the person concerned a notice of intent to impose a monetary penalty. 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 respond.* The prepenalty notice also shall inform the respondent of respondent's right to respond 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.

**§ 597.703 Response to prepenalty notice.**

(a) *Time within which to respond.* The respondent shall have 30 days from the date of mailing of the prepenalty notice to respond in writing to the Director of the Office of Foreign Assets Control.

(b) *Form and contents of written response.* The written response 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 respond to the allegations in the prepenalty notice and set forth the reasons why the respondent believes the penalty should not be imposed or, if imposed, why it should be in a lesser amount than proposed.

(c) *Informal settlement.* In addition or as an alternative to a written response to a prepenalty notice pursuant to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. In the event of settlement at the prepenalty stage, the prepenalty notice will be withdrawn, the respondent is not required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30-day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

**§ 597.704 Penalty notice.**

(a) *No violation.* If, after considering any written response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent, the Director promptly shall notify the respondent in writing of that determination and that no monetary penalty will be imposed.

(b) *Violation.* (1) If, after considering any written response to the prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent, the Director promptly shall issue a written notice of the imposition of the monetary penalty on the respondent. The issuance of a written notice of the imposition of a monetary penalty shall constitute final agency action.

(2) The penalty notice shall inform the respondent that payment of the assessed penalty must be made within 30 days of the mailing of the penalty notice.

## § 597.705

(3) The penalty notice shall inform the respondent of the requirement to furnish respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that the Department intends to use such number for the purposes of collecting and reporting on any delinquent penalty amount in the event of a failure to pay the penalty imposed.

### § 597.705 Administrative collection; referral to United States Department of Justice.

In the event that the respondent does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the mailing of the written notice of the imposition of the penalty, the matter may be referred for administrative collection measures by the Department of the Treasury or 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

### § 597.801 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 subpart D of part 501 of this chapter.

### § 597.802 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to 8 U.S.C. 1189 or 18 U.S.C. 2339B, as added by Public Law 104-132, 110 Stat. 1248-1253, sections 302 and 303, may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

## 31 CFR Ch. V (7-1-02 Edition)

## Subpart I—Paperwork Reduction Act

### § 597.901 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.

## PART 598—FOREIGN NARCOTICS KINGPIN SANCTIONS REGULATIONS

### Subpart A—Relation of this Part to Other Laws and Regulations

Sec.

598.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

598.201 Applicability of sanctions.  
598.202 Blocking of assets.  
598.203 Prohibited transactions involving blocked property.  
598.204 Evasions; attempts; conspiracies.  
598.205 Effect of transfers violating the provisions of this part.  
598.206 Holding of funds in interest-bearing accounts; investment and reinvestment.

### Subpart C—General Definitions

598.301 Blocked account; blocked property.  
598.302 Effective date.  
598.303 Entity.  
598.304 Foreign Narcotics Kingpin Designation Act.  
598.305 Foreign person.  
598.306 General license.  
598.307 Interest.  
598.308 License.  
598.309 Narcotic drug; controlled substance; listed chemical.  
598.310 Narcotics trafficking.  
598.311 Person.  
598.312 Property; property interest.  
598.313 Significant foreign narcotics trafficker.



## Office of Foreign Assets Control, Treasury

§ 598.201

- 598.314 Specially designated narcotics trafficker.
- 598.315 Specific license.
- 598.316 Transfer.
- 598.317 United States.
- 598.318 United States person; U.S. person.
- 598.319 U.S. financial institution.

### Subpart D—Interpretations

- 598.401 Reference to amended sections.
- 598.402 Effect of amendment.
- 598.403 Termination and acquisition of an interest in blocked property.
- 598.404 Setoffs prohibited.
- 598.405 Transactions incidental to a licensed transaction.
- 598.406 Provision of services.
- 598.407 Offshore transactions.
- 598.408 Alleged change in ownership or control of an entity designated as a specially designated narcotics trafficker.
- 598.409 Credit extended and cards issued by U.S. financial institutions.
- 598.410 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.

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

- 598.501 General and specific licensing procedures.
- 598.502 Effect of license.
- 598.503 Exclusion from licenses.
- 598.504 Payments and transfers to blocked accounts in U.S. financial institutions.
- 598.505 Investment and reinvestment of certain funds.
- 598.506 Entries in certain accounts for normal service charges authorized.
- 598.507 Provision of certain legal services authorized.

### Subpart F—Reports

- 598.601 Records and reports.

### Subpart G—Penalties

- 598.701 Penalties.
- 598.702 Prepenalty notice.
- 598.703 Response to prepenalty notice; informal settlement.
- 598.704 Penalty imposition or withdrawal.
- 598.705 Administrative collection; referral to United States Department of Justice.
- 598.706 Judicial review of civil penalty.

### Subpart H—Procedures

- 598.801 Procedures.
- 598.802 Availability of information pursuant to the Freedom of Information Act.
- 598.803 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

- 598.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 21 U.S.C. 1901–1908; 31 U.S.C. 321(b); Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note).

SOURCE: 65 FR 41336, July 5, 2000, unless otherwise noted.

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

#### § 598.101 Relation of this part to other laws and regulations.

(a) This part is separate from, and independent of, the other parts of this chapter, including part 536 of this chapter, “Narcotics Trafficking Sanctions Regulations,” with the exception of part 501 of this chapter, the provisions of which apply to this part. 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. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. 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 contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 598.201 Applicability of sanctions.

A specially designated narcotics trafficker is subject to any and all sanctions authorized by the Foreign Narcotics Kingpin Designation Act and implemented in this part. The application of sanctions on any specially designated narcotics trafficker will remain in effect until revoked by the President pursuant to section 804(h)(2) of the Foreign Narcotics Kingpin Designation Act, waived by the President pursuant to section 804(g)(1) of that Act, or revoked by the Secretary of the

**§ 598.202**

Treasury pursuant to section 805(e)(1)(A) of that Act.

**§ 598.202 Blocking of assets.**

Except to the extent provided in regulations, orders, instructions, licenses, or directives issued pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, there are blocked as of the effective date, and any date thereafter, all such property and interests in property within the United States, or within the possession or control of any United States person, which are owned or controlled by a specially designated narcotics trafficker.

**§ 598.203 Prohibited transactions involving blocked property.**

(a) Except to the extent provided in regulations, orders, instructions, licenses, or directives issued pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any transaction or dealing by a United States person, or within the United States, in property or interests in property of a specially designated narcotics trafficker is prohibited.

(b) Unless otherwise authorized by this part or by a specific license expressly referring to this section, any dealing in any security (or evidence thereof) held within the possession or control of a U.S. person and either registered or inscribed in the name of or known to be held for the benefit of any specially designated narcotics trafficker is prohibited. This prohibition includes but is not limited to the transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of any such security or the endorsement or guaranty of signatures on 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.

**31 CFR Ch. V (7-1-02 Edition)**

**§ 598.204 Evasions; attempts; conspiracies.**

Except to the extent provided in regulations, orders, instructions, licenses, or directives issued pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, any transaction or dealing by any United States person, or within the United States, that evades or avoids, or has the effect of evading or avoiding, and any endeavor, attempt, or conspiracy to violate any of the prohibitions set forth in this part is prohibited.

**§ 598.205 Effect of transfers violating the provisions of this part.**

(a) Any transfer after the effective date that is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, or license issued pursuant to this part, and that involves any property or interest in property of a specially designated narcotics trafficker 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 or property interests.

(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 any interest in, any property or interest in property of a specially designated narcotics trafficker, unless the person with whom such property is held or maintained, prior to that 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 make it enforceable to the same extent that it would be valid or enforceable but for the provisions of the Foreign Narcotics Kingpin Designation Act, this part, and any regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(d) Property transfers that 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 issued pursuant to this part and was not so licensed, or if a license did purport to cover the transfer, that such license had been obtained by misrepresentation of a third party or withholding of material facts or was otherwise fraudulently obtained; and

(3) 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 promptly upon discovery that:

(i) Such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, direction, or license issued pursuant to this part;

(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 withholding of material facts or was otherwise fraudulently obtained.

NOTE TO PARAGRAPH (d) OF § 598.205: The filing of a report in accordance with the provisions of paragraph (d)(3) of this section 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 a specially designated narcotics trafficker.

**§ 598.206 Holding of funds in interest-bearing accounts; investment and reinvestment.**

(a) Except as provided in paragraph (c) or (d) of this section, or as otherwise directed by the Office of Foreign Assets Control, any U.S. person holding funds, such as currency, bank deposits, or liquidated financial obligations, subject to § 598.202 shall hold or place such funds in a blocked interest-bearing account located in the United States.

(b)(1) For purposes of this section, the term *blocked interest-bearing account* means a blocked account:

(i) In a federally-insured U.S. bank, thrift institution, or credit union, provided the funds are earning interest at rates that are commercially reasonable; or

(ii) With a broker or dealer registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, provided the funds are invested in a money market fund or in U.S. Treasury bills.

(2) For purposes of this section, a rate is commercially reasonable if it is the rate currently offered to other depositors on deposits or instruments of comparable size and maturity.

(3) Funds held or placed in a blocked account pursuant to this paragraph (b) may not be invested in instruments the maturity of which exceeds 180 days. If interest is credited to a separate blocked account or sub-account, the name of the account party on each account must be the same.

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 598.202 may continue to be held until maturity in the original instrument, provided any interest, earnings, or other proceeds derived therefrom are paid into a blocked interest-bearing account in accordance with paragraph (b) or (d) of this section.

(d) Blocked funds held in accounts or instruments outside the United States at the time the funds become subject to § 598.202 may continue to be held in the same type of accounts or instruments, provided the funds earn interest

## § 598.301

at rates that are commercially reasonable.

(e) This section does not create an affirmative obligation for the holder of blocked tangible property, such as chattels or real estate, or of other blocked property, such as debt or equity securities, to sell or liquidate such property at the time the property becomes subject to § 598.202. However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales in appropriate cases.

(f) Funds subject to this section may not be held, invested, or reinvested in a manner that provides immediate financial or economic benefit or access to specially designated narcotics traffickers, nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

NOTE TO § 598.206: Please refer to § 598.505 for authorized investment and reinvestment of certain funds held in blocked accounts.

### Subpart C—General Definitions

#### § 598.301 Blocked account; blocked property.

The terms *blocked account* and *blocked property* mean any account or property subject to § 598.202 held in the name of a specially designated narcotics trafficker, or in which a specially designated narcotics trafficker 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 the Office of Foreign Assets Control authorizing such action.

#### § 598.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibitions and directives of this part, which is December 3, 1999, or, in the case of specially designated narcotics traffickers designated after that date, the earlier of the date on which actual or constructive notice of such designation is received.

#### § 598.303 Entity.

The term *entity* means a partnership, joint venture, association, corporation, organization, network, group, or sub-

## 31 CFR Ch. V (7–1–02 Edition)

group, or any form of business collaboration.

#### § 598.304 Foreign Narcotics Kingpin Designation Act.

The term *Foreign Narcotics Kingpin Designation Act* means the Foreign Narcotics Kingpin Designation Act, Pub. L. 106–120, title 8, 113 Stat. 1606, 1626–1636 (codified at 21 U.S.C. 1901–1908, 8 U.S.C. 1182(a)(2)(C)).

#### § 598.305 Foreign person.

The term *foreign person* means any citizen or national of a foreign state or any entity not organized under the laws of the United States, but does not include a foreign state.

#### § 598.306 General license.

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

#### § 598.307 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.

#### § 598.308 License.

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

#### § 598.309 Narcotic drug; controlled substance; listed chemical.

The terms *narcotic drug*, *controlled substance*, and *listed chemical* have the meanings given those terms in section 102 of the Controlled Substances Act (21 U.S.C. 802).

#### § 598.310 Narcotics trafficking.

The term *narcotics trafficking* means any illicit activity to cultivate, produce, manufacture, distribute, sell, finance, or transport narcotic drugs, controlled substances, or listed chemicals, or otherwise endeavor or attempt to do so, or to assist, abet, conspire, or collude with others to do so.

#### § 598.311 Person.

The term *person* means an individual or entity.

**§ 598.312 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, guarantees, 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, whether present, future, or contingent.

**§ 598.313 Significant foreign narcotics trafficker.**

The term *significant foreign narcotics trafficker* means any foreign person that plays a significant role in international narcotics trafficking that the President has determined to be appropriate for sanctions and has publicly identified under section 804(b) or section 804(h)(1) of the Foreign Narcotics Kingpin Designation Act.

**§ 598.314 Specially designated narcotics trafficker.**

The term *specially designated narcotics trafficker* means:

- (a) Significant foreign narcotics traffickers; and
- (b) Foreign persons designated by the Secretary of the Treasury, in consultation with the Attorney General, the Director of Central Intelligence, the Director of the Federal Bureau of Inves-

tigation, the Administrator of the Drug Enforcement Administration, the Secretary of Defense, and the Secretary of State, because they are found to be:

- (1) Materially assisting in, or providing financial or technological support for or to, or providing goods or services in support of, the international narcotics trafficking activities of a specially designated narcotics trafficker;
- (2) Owned, controlled, or directed by, or acting for or on behalf of, a specially designated narcotics trafficker; or
- (3) Playing a significant role in international narcotics trafficking.

NOTE TO § 598.314: Please refer to the appendices at the end of this chapter V for listings of persons determined to fall within this definition who have been designated pursuant to this part. Section 501.807 of this chapter V sets forth the procedures to be followed by persons seeking administrative reconsideration of their designation or who wish to assert that the circumstances resulting in designation no longer apply.

**§ 598.315 Specific license.**

The term *specific license* means any license not set forth in this part but issued pursuant to this part.

**§ 598.316 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. Without limitation upon the foregoing, the term *transfer* includes 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 making of any payment; the setting off of any obligation or credit; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or levy of or under any judgment, decree, attachment, injunction, execution, or other

**§ 598.317**

judicial or administrative process or order; the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree 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.

**§ 598.317 United States.**

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

**§ 598.318 United States person; U.S. person.**

The term *United States person* or *U.S. person* means any United States citizen or national, permanent resident alien, an entity organized under the laws of the United States (including its foreign branches), or any person within the United States.

**§ 598.319 U.S. financial institution.**

The term *U.S. financial institution* means any U.S. entity (including a foreign branch) 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, as principal or agent. This term includes but is 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.

**31 CFR Ch. V (7-1-02 Edition)**

**Subpart D—Interpretations**

**§ 598.401 Reference to amended sections.**

Except as otherwise specified, reference to any provision in or appendix to this part or chapter or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part refers to the same as currently amended.

**§ 598.402 Effect of amendment.**

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter 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 does not affect any act done or omitted, 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 continue and may be enforced as if such amendment, modification, or revocation had not been made.

**§ 598.403 Termination and acquisition of an interest in blocked property.**

(a) Whenever a transaction licensed pursuant to this part results in the transfer of property (including any property interest) away from a specially designated narcotics trafficker, the transferred property will no longer be considered property in which that person has or has had an interest. Provided no other specially designated narcotics trafficker has any interest in the transferred property following the transfer, the transferred property will no longer be considered property blocked pursuant to § 598.202.

(b) Unless otherwise specifically provided in a license issued pursuant to this part, if property (including any property interest) is transferred or attempted to be transferred to a specially designated narcotics trafficker, such property shall be deemed to be property in which that person has an interest, and such property is therefore blocked pursuant to § 598.202.

**§ 598.404 Setoffs prohibited.**

A setoff against blocked property (including a blocked account), whether by a U.S. financial institution or other U.S. person, is a prohibited transfer under § 598.203 if effected after the effective date.

**§ 598.405 Transactions incidental to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect to the licensed transaction is also authorized by the license. Except as specifically authorized by the terms of a license, prohibited transactions by specially designated narcotics traffickers and debits to accounts blocked pursuant to § 598.202 are not considered incidental to a licensed transaction and therefore remain prohibited.

**§ 598.406 Provision of services.**

(a) The prohibitions contained in § 598.203 apply to services performed by U.S. persons, wherever located:

(1) On behalf of or for the benefit of a specially designated narcotics trafficker; or

(2) With respect to property interests of a specially designated narcotics trafficker.

(b) Example: U.S. persons may not, except as authorized by or pursuant to this part, provide legal, accounting, financial, brokering, freight forwarding, transportation, public relations, or other services to a specially designated narcotics trafficker. See § 598.507 on licensing policy with regard to the provision of certain legal services.

**§ 598.407 Offshore transactions.**

The prohibitions contained in § 598.203 apply to transactions by any U.S. person in a location outside the United States with respect to property in which the U.S. person knows, or has reason to know, that a specially designated narcotics trafficker has or has had an interest since the effective date.

**§ 598.408 Alleged change in ownership or control of an entity designated as a specially designated narcotics trafficker.**

(a) A change or alleged change in ownership or control of an entity designated as a specially designated narcotics trafficker shall not be the basis for removal of that entity from the list of specially designated narcotics traffickers unless, upon investigation by the Office of Foreign Control and submission of evidence by the entity, it is demonstrated to the satisfaction of the Director of the Office of Foreign Assets Control that the transfer to a bona fide purchaser at arm's length, or other means of changing ownership or control, is legitimate and that the entity no longer meets the criteria for designation under § 598.314. Evidence submitted must conclusively demonstrate that all ties with other specially designated narcotics traffickers have been completely severed, and may include, but is not limited to, articles of incorporation; identification of new directors, officers, shareholders, and sources of capital; and contracts evidencing the sale of the entity to its new owners.

(b) Any continuing substantial financial obligations on the part of the new owners to any specially designated narcotics traffickers, including long-term payment plans, leases, or rents, will be considered as evidence of continuing control of the entity by the specially designated narcotics trafficker. Purchase of a designated entity without ongoing substantial financial obligations to a specially designated narcotics trafficker may nonetheless be a basis for subsequent designation of the purchaser, if the transaction is determined materially to assist in or provide financial support for the international narcotics trafficking activities of specially designated narcotics traffickers for purposes of § 598.314(b)(1). For example, any acquisition transaction resulting in a direct cash transfer to or other enrichment of a specially designated narcotics trafficker could lead to designation of the purchaser. Mere change in name of an

entity will not be considered as constituting a change of the entity's status.

**§ 598.409 Credit extended and cards issued by U.S. financial institutions.**

The prohibition in § 598.203 on dealing in property in which a specially designated narcotics trafficker has an interest prohibits U.S. financial institutions from performing under any existing credit agreements, including, but not limited to, charge cards, debit cards, or other credit facilities issued by a U.S. financial institution to a specially designated narcotics trafficker.

**§ 598.410 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 or services exported prior to the effective date of the blocking, except as authorized pursuant to this part.

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

**§ 598.501 General and specific licensing procedures.**

For provisions relating to licensing procedures, see part 501, subpart D 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.

**§ 598.502 Effect of license.**

(a) No license contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control pursuant to this part, authorizes or validates any transaction effected prior to the issuance of the license, unless the prior transaction is specifically authorized in such license.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited by 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

authorizes 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 by this part has the effect of removing from the transaction a prohibition or prohibitions contained in this part, 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 that would not otherwise exist under ordinary principles of law in or with respect to any property.

**§ 598.503 Exclusion from licenses.**

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 conferred by any license. The Director of the Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

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

Any payment of funds or transfer of credit in which a specially designated narcotics trafficker has any interest that comes within the possession or control of a U.S. financial institution must be blocked in an account on the books of that financial institution. A transfer of funds or credit by a U.S. financial institution between blocked accounts in its branches or offices is authorized, provided that no transfer is made from an account within the United States to an account held outside the United States, and further provided that a transfer from a blocked account may only be made to another blocked account held in the same name.



NOTE TO § 598.504: Please refer to part 501, subpart C of this chapter for mandatory reporting requirements regarding financial transfers. See also § 598.206 concerning the obligation to hold blocked funds in interest-bearing accounts.

**§ 598.505 Investment and reinvestment of certain funds.**

Subject to the requirements of § 598.206, U.S. financial institutions are authorized to invest and reinvest assets held in blocked accounts in the name of a specially designated narcotics trafficker, subject to the following conditions:

(a) The assets representing such investments and reinvestments are credited to a blocked account or subaccount that is held in the same name at the same U.S. financial institution, or within the possession or control of a U.S. person, but in no case may funds be transferred outside the United States for this purpose;

(b) The proceeds of such investments and reinvestments are not credited to a blocked account or subaccount under any name or designation that differs from the name or designation of the specific blocked account or subaccount in which such funds or securities were held; and

(c) No immediate financial or economic benefit accrues (*e.g.*, through pledging or other use) to the specially designated narcotics trafficker.

**§ 598.506 Entries in certain accounts for normal service charges authorized.**

(a) U.S. financial institutions are authorized to debit any blocked account with such U.S. financial institution in payment or reimbursement for normal service charges owed to such U.S. financial institution by the owner of such blocked account.

(b) As used in this section, the term *normal service charges* includes but is not limited to charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; minimum balance charges; notary and protest fees; and charges for reference books, photocopies, credit reports, transcripts of statements, reg-

istered mail, insurance, stationery and supplies, and other similar items.

**§ 598.507 Provision of certain legal services authorized.**

(a) The provision to or on behalf of a specially designated narcotics trafficker of the legal services set forth in paragraph (b) of this section is authorized, provided that all receipt of payment for such services must be specifically licensed.

(b) Specific licenses may be issued on a case-by-case basis authorizing receipt from unblocked sources of payment of professional fees and reimbursement of incurred expenses for the following legal services by U.S. persons to a specially designated narcotics trafficker:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling is not provided to facilitate transactions that would violate any prohibition contained in this chapter;

(2) Representation of a specially designated narcotics trafficker when named as a defendant in or otherwise made a party to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation and conduct of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction of a specially designated narcotics trafficker;

(4) Representation of a specially designated narcotics trafficker before any federal or state agency with respect to the imposition, administration, or enforcement of U.S. sanctions against such person; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(c) The provision of any other legal services to a specially designated narcotics trafficker, not otherwise authorized in this part, requires the issuance of a specific license.

(d) Entry into a settlement agreement affecting property or interests in property of a specially designated narcotics trafficker or the enforcement of

## § 598.601

any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property or interests in property of a specially designated narcotics trafficker is prohibited unless specifically licensed in accordance with § 598.205(e).

### Subpart F—Reports

#### § 598.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

### Subpart G—Penalties

#### § 598.701 Penalties.

(a) Attention is directed to section 807 of the Foreign Narcotics Kingpin Designation Act, which is applicable to violations of the provisions of any license, rule, or regulation issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under that Act. Section 807 of Foreign Narcotics Kingpin Designation Act provides that:

(1) Whoever willfully violates the provisions of the Foreign Narcotics Kingpin Designation Act, or any license, rule, or regulation issued pursuant to that Act, or willfully neglects or refuses to comply with any order of the President issued under that Act, shall be imprisoned for not more than 10 years, fined in the amount provided in title 18, United States Code, or both, or, in the case of an entity, fined not more than \$10,000,000;

(2) Any officer, director, or agent of any entity who knowingly participates in a violation of the provisions of the Foreign Narcotics Kingpin Designation Act, shall be imprisoned for not more than 30 years, fined not more than \$5,000,000, or both;

(3) A civil penalty not to exceed \$1,000,000 per violation may be imposed by the Secretary of the Treasury on any person who violates any license,

## 31 CFR Ch. V (7–1–02 Edition)

order, rule, or regulation issued in compliance with the provisions of the Foreign Narcotics Kingpin Designation Act.

(b) The criminal penalties provided in this part 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 materially false, fictitious, or fraudulent statement or representation, or makes or uses any false writing or document knowing the same to contain any materially 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.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

#### § 598.702 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 Foreign Narcotics Kingpin Designation Act, and the Director determines that further proceedings are warranted, the Director shall issue to the person concerned a notice of intent to impose a monetary penalty. This 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 respond.* The prepenalty notice also shall inform the respondent of respondent's right to make a written presentation within 30 days of the date of mailing of the notice as to why a

monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

**§ 598.703 Response to prepenalty notice; informal settlement.**

(a) *Deadline for response.* The respondent shall have 30 days from the date of mailing of the prepenalty notice to make a written response to the Director of the Office of Foreign Assets Control.

(b) *Form and contents of response.* The written response need not be in any particular form, but must 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 respondent believes the penalty should not be imposed or why, if imposed, it should be in a lesser amount than proposed.

(c) *Informal settlement.* In addition or as an alternative to a written response to a prepenalty notice issued pursuant to this section, the respondent or respondent's representative may contact the Office of Foreign Assets Control as advised in the prepenalty notice to propose the settlement of allegations contained in the prepenalty notice and related matters. In the event of settlement at the prepenalty stage, the claim proposed in the prepenalty notice will be withdrawn, the respondent will not be required to take a written position on allegations contained in the prepenalty notice, and the Office of Foreign Assets Control will make no final determination as to whether a violation occurred. The amount accepted in settlement of allegations in a prepenalty notice may vary from the civil penalty that might finally be imposed in the event of a formal determination of violation. In the event no settlement is reached, the 30-day period specified in paragraph (a) of this section for written response to the prepenalty notice remains in effect unless additional time is granted by the Office of Foreign Assets Control.

**§ 598.704 Penalty imposition or withdrawal.**

(a) *No violation.* If, after considering any response to a prepenalty notice

and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was no violation by the respondent named in the prepenalty notice, the Director promptly shall notify the respondent in writing of that determination and that no monetary penalty will be imposed.

(b) *Violation.* If, after considering any response to a prepenalty notice and any relevant facts, the Director of the Office of Foreign Assets Control determines that there was a violation by the respondent named in the prepenalty notice, the Director promptly shall issue a written notice of the imposition of the monetary penalty to the respondent. The issuance of a written notice of the imposition of a monetary penalty shall constitute final agency action.

(1) The penalty notice shall inform the respondent that payment of the assessed penalty must be made within 30 days of the date of mailing of the penalty notice.

(2) The penalty notice shall inform the respondent of the requirement to furnish the respondent's taxpayer identification number pursuant to 31 U.S.C. 7701 and that such number will be used for purposes of collecting and reporting on any delinquent penalty amount.

**§ 598.705 Administrative collection; referral to United States Department of Justice.**

In the event that the respondent does not pay a penalty imposed pursuant to this part or make payment arrangements acceptable to the Director of the Office of Foreign Assets Control within 30 days of the date of mailing of a penalty notice, the matter may be referred for administrative collection measures by the Department of the Treasury or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in a Federal district court.

**§ 598.706 Judicial review of civil penalty.**

A civil penalty imposed pursuant to this subpart G is subject to judicial review only to the extent provided in 5 U.S.C. 702.

## Subpart H—Procedures

### § 598.801 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 Privacy Act (5 U.S.C. 552a), see part 501, subpart D of this chapter.

### § 598.802 Availability of information pursuant to the Freedom of Information Act.

Any record or information obtained or created in the implementation of this part is not subject to disclosure under section 552(a)(3) of the Freedom of Information Act. Information required to be made available to the public under other provisions of the Freedom of Information Act (5 U.S.C. 552) will be made available in accordance with § 501.805(a) of this chapter.

### § 598.803 Delegation by the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant to the Foreign Narcotics Kingpin Designation Act may be taken by the Director of the Office of Foreign Assets Control or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

## Subpart I—Paperwork Reduction Act

### § 598.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures (including those pursuant to statements of licensing policy), and 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.

## APPENDICES TO CHAPTER V

NOTES: The alphabetical lists below provide the following information (to the extent known) concerning blocked persons, specially designated nationals, specially designated terrorists, foreign terrorist organizations, specially designated narcotics traffickers and blocked vessels:

1. For blocked individuals: name and title (known aliases), address, (other identifying information), (the notation “individual”), [sanctions program under which the individual is blocked].

2. For blocked entities: name (known former or alternate names), address, [sanctions program under which the entity is blocked].

3. For blocked vessels: name, sanctions program under which the vessel is blocked, registration of vessel, type, size in dead weight and/or gross tons, call sign, vessel owner, and alternate names.

4. Abbreviations: “a.k.a.” means “also known as”; “f.k.a.” means “formerly known as”; “n.k.a.” means “now known as”; “DOB” means “date of birth”; “DWT” means “deadweight”; “FRYM” means “Federal Republic of Yugoslavia (Serbia and Montenegro)—Milosevic”; “GRT” means “Gross Registered Tonnage”; “POB” means “place of birth”.

5. U.S. financial institutions are cautioned to review the details of a transaction prior to blocking in which the abbreviation of a foreign terrorist organization (“FTO”) appears in appendix A to ensure that the transaction relates to the FTO.

6. References to regulatory parts in chapter V or other authorities:

[BALKANS]: Executive Order 13219, 66 FR 34778, June 29, 2001;

[CUBA]: Cuban Assets Control Regulations, part 515;

[FRYM]: Executive Order 13192, 66 FR 7379, Jan. 23, 2001;

[FTO]: Foreign Terrorist Organizations Sanctions Regulations, part 597;

[IRAQ]: Iraqi Sanctions Regulations, part 575;

[LIBYA]: Libyan Sanctions Regulations, part 550;

[NKOREA]: Foreign Assets Control Regulations, part 500;

[SDGT]: Executive Order 13224, 66 FR 49079, September 25, 2001;

[SDNT]: Narcotics Trafficking Sanctions Regulations, part 536;

[SDNTK]: Foreign Narcotics Kingpin Sanctions Regulations, part 598;

[SDT]: Terrorism Sanctions Regulations, part 596;

[SUDAN]: Sudanese Sanctions Regulations, part 538;

[TALIBAN]: Taliban (Afghanistan) Sanctions Regulations, part 545;

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

[UNITA]: UNITA (Angola) Sanctions Regulations, part 590.

7. Changes to these appendices are made through amendments published in the FEDERAL REGISTER. Frequently updated information on Office of Foreign Assets Control ("OFAC") designations is provided for examination or downloading on OFAC's Internet site (<http://www.treas.gov/ofac>). Among other data, the Internet site posts changes in designations and identifying information, and provides country-by-country lists of names. Information is also available by fax through OFAC's fax-on-demand system at 202/622-0077 and on various computer bulletin boards serviced by OFAC. Updated information on OFAC designations should be consulted before engaging in transactions subject to the economic sanctions programs in chapter V. (Please call OFAC Compliance Programs Division for current electronic sources of OFAC information: 202/622-2490.)

[62 FR 67729, Dec. 30, 1997, as amended at 63 FR 29609, June 1, 1998; 64 FR 34985, June 30, 1999; 64 FR 60661, Nov. 8, 1999; 65 FR 39100, June 23, 2000; 65 FR 75630, Dec. 4, 2000; 66 FR 57373, Nov. 15, 2001]

### APPENDIX A TO CHAPTER V—ALPHABETICAL LISTING OF BLOCKED PERSONS, SPECIALLY DESIGNATED NATIONALS, SPECIALLY DESIGNATED TERRORISTS, FOREIGN TERRORIST ORGANIZATIONS, AND SPECIALLY DESIGNATED NARCOTICS TRAFFICKERS

7th APRIL CARD BOARD FACTORY, Tajoura, Libya [LIBYA]

17 NOVEMBER (see REVOLUTIONARY ORGANIZATION 17 NOVEMBER) [FTO]

32 COUNTY SOVEREIGNTY COMMITTEE (a.k.a. 32 COUNTY SOVEREIGNTY MOVEMENT; a.k.a. IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION; a.k.a. REAL IRA; a.k.a. REAL IRISH REPUBLICAN ARMY; a.k.a. REAL OGLAIGH NA HEIREANN; a.k.a. RIRA) [FTO]

32 COUNTY SOVEREIGNTY MOVEMENT (a.k.a. 32 COUNTY SOVEREIGNTY COMMITTEE; a.k.a. IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION; REAL IRA; a.k.a. REAL IRISH REPUBLICAN ARMY; a.k.a. REAL OGLAIGH NA HEIREANN; a.k.a. RIRA) [FTO]

A. BORTOLOTTI & CO. S.P.A. (a.k.a. BORTOLOTTI), Cremona, Italy [LIBYA]

A. BORTOLOTTI & CO. S.P.A. (a.k.a. BORTOLOTTI), Via Predore, 59, 24067 Sarnico, Bergamo, Italy [LIBYA]

A.I.C. COMPREHENSIVE RESEARCH INSTITUTE (see AUM SHINRIKYO) [FTO]

A.I.C. SOGO KENKYUSHO (see AUM SHINRIKYO) [FTO]

A.T.E. INTERNATIONAL LTD. (f.k.a. RWR INTERNATIONAL COMMODITIES), 3 Mandeville Place, London, England [IRAQ]

A.W.A. ENGINEERING LIMITED, 3 Mandeville Place, London, England [IRAQ]

ABASTECEDORA NAVAL Y INDUSTRIAL, S.A. (a.k.a. ANAINSA), Panama [CUBA]

ABBAS, Abdul Hussein, Italy (individual) [IRAQ]

ABBAS, Abu (a.k.a. ZAYDAN, Muhammad), Director of PALESTINE LIBERATION FRONT - ABU ABBAS FACTION (DOB 10 December 1948) (individual) [SDT]

ABBAS, Kassim, Italy (individual) [IRAQ]

ABBOTT, John G., 34 Grosvenor Street, London W1X 9FG, England (individual) [LIBYA]

ABD AL-GHAFUR, Humam Abd al-Khaliq (a.k.a. GHAFUR, Humam Abdel Khaleq Abdel), Minister of Higher Education and Scientific Research, Iraq (DOB 1945) (individual) [IRAQ]

'ABD ALLAH, 'Issam 'Ali Muhammad (see MUSA, Rifa'i Ahmad Taha) [SDT]

'ABD-AL-'IZ (see MUSA, Rifa'i Ahmad Taha) [SDT]

ABD-AL-WAHAB, Abd-al-Hai Ahmad (see MUSA, Rifa'i Ahmad Taha) [SDT]

ABDALLA, Fazul (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]

ABDALLAH, Ramadan (a.k.a. ABDULLAH, Dr. Ramadan; a.k.a. SHALLAH, Dr. Ramadan Abdullah; a.k.a. SHALLAH, Ramadan Abdalla Mohamed), Secretary General of the PALESTINIAN ISLAMIC JIHAD, Damascus, Syria (DOB 1 January 1958; POB Gaza City, Gaza Strip; SSN 589-17-6824 (U.S.A.); Passport No. 265 216 (Egypt).) (individual) [SDT]

ABDALLAH, Tarwat Salah (see SHIHATA, Thirwat Salah) (individual) [SDGT]

ABDEL RAHMAN (see ATWAH, Muhsin Musa Matwalli) (individual) [SDGT]

ABDELMULLA, Yousef Abd-El-Razegh (a.k.a. ABDULMOLA, Yousef Abd-El-Razegh), P.O. Box 4538, Maidan Masif El Baladi, Tripoli, Libya (individual) [LIBYA]

ABDELNUR, Nury de Jesus, Panama (individual) [CUBA]

ABDUL JAWAD, Mohammed (a.k.a. ABDULJAWAD, Muhammed I.), Tripoli, Libya (individual) [LIBYA]

ABDUL RAHMAN (see ATWAH, Muhsin Musa Matwalli) (individual) [SDGT]

ABDULLAH, Abdullah Ahmed (a.k.a. ABU MARIAM; a.k.a. AL-MASRI, Abu Mohamed; a.k.a. SALEH), Afghanistan (DOB 1963; POB Egypt; Citizen Egypt) (individual) [SDGT]

ABDULLAH, Sheikh Taysir (see ATEF, Muhammad) [SDT]

ABDULLAH, Sheikh Taysir (see ATIF, Muhammad) (individual) [SDT] [SDGT]

ABDUREHMAN, Ahmed Mohammed (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]

ABRIL CORTEZ, Oliverio (f.k.a. CORTEZ, Oliverio Abril), Calle 18A No. 8A-20, Jamundi, Colombia; c/o AGROPECUARIA BETANIA LTDA., Cali, Colombia; c/o

- CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o INVERSIONES EL GRAN CRISOL LTDA., Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia; c/o VALLADARES LTDA., Cali, Colombia; c/o W. HERRERA Y CIA. S. EN C., Cali, Colombia; Cedula No. 3002003 (Colombia) (individual) [SDNT]
- ABU ABDALLAH (see AL-IRAQI, Abd al-Hadi) (individual) [SDGT]
- ABU FATIMA (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- ABU GHUNAYM SQUAD OF THE HIZBALLAH BAYT AL-MAQDIS (see PAL-ESTINE ISLAMIC JIHAD-SHAQAQI FAC-TION) [SDT, FTO]
- ABU HAFS (see ATEF, Muhammad) [SDT]
- ABU HAFS (see ATIF, Muhammad) (individual) [SDT] [SDGT]
- ABU HAF'S THE MAURITANIAN (a.k.a. AL-SHANQITI, Khalid; a.k.a. AL-WALID, Mafouz Walad; a.k.a. AL-WALID, Mahfouz Ould; a.k.a. SLAHI, Mahamedou Ould) (DOB 1 Jan 1975) (individual) [SDGT]
- ABU ISLAM (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- ABU ISMAIL (see UTHMAN, Omar Mahmoud) (individual) [SDGT]
- ABU KHADIJAH (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- ABU MARIAM (see ABDULLAH, Abdullah Ahmed) (individual) [SDGT]
- ABU MARZOOK, Mousa Mohammed (a.k.a. ABU-UMAR; a.k.a. ABU-MARZUQ, Dr. Musa; a.k.a. ABU-MARZUQ, Sa'id; a.k.a. MARZOOK, Mousa Mohamed Abu; a.k.a. MARZUK, Musa Abu), Political Leader in Amman, Jordan and Damascus, Syria for HAMAS (DOB 9 February 1951; POB Gaza, Egypt; Passport No. 92/664 (Egypt); SSN 523-33-8386.) (individual) [SDT]
- ABU NIDAL ORGANIZATION (a.k.a. ANO; a.k.a. BLACK SEPTEMBER; a.k.a. FATAH REVOLUTIONARY COUNCIL; a.k.a. ARAB REVOLUTIONARY COUNCIL; a.k.a. ARAB REVOLUTIONARY BRIGADES; a.k.a. REVOLUTIONARY ORGANIZATION OF SOCIALIST MUSLIMS) [SDT, FTO]
- ABU OMRAN (see AL-MUGHASSIL, Ahmad Ibrahim) (individual) [SDGT]
- ABU SAYYAF GROUP (a.k.a. AL HAKKAT AL ISLAMIYYA) [FTO]
- ABU SAYYAF GROUP (a.k.a. AL HAKKAT AL ISLAMIYYA) [FTO] [SDGT]
- ABU SITTA, Subhi (see ATIF, Muhammad) (individual) [SDT] [SDGT]
- ABU UMAR, Abu Omar (see UTHMAN, Omar Mahmoud) [SDGT]
- ABU YASIR (see MUSA, Rifa'i Ahmad Taha) [SDT]
- ABU ZUBAIDA (see ABU ZUBAYDAH) (individual) [SDGT]
- ABU ZUBAYDAH (a.k.a. ABU ZUBAIDA; a.k.a. AL-WAHAB, Abd Al-Hadi; a.k.a. HUSAIN, Zain Al-Abidin Muhahhad; a.k.a. HUSAYN, Zayn al-Abidin Muhammad; a.k.a. TARIQ) (DOB 12 Mar 1971; POB Riyadh, Saudi Arabia) (individual) [SDGT]
- ACCOUNTS AND ELECTRONICS EQUIP-MENTS, c/o ENGINEERING EQUIPMENT CORPORATION, P.O. Box 97, Khartoum, Sudan [SUDAN]
- ACE INDIC NAVIGATION CO. LTD., c/o ANGLO-CARIBBEAN SHIPPING CO. LTD., 4th Floor, South Phase 2, South Quay Plaza II, 183, March Wall, London, England [CUBA]
- ACECHILLY NAVIGATION CO. LTD., c/o ANGLO-CARIBBEAN SHIPPING CO. LTD., 4th Floor, South Phase 2, South Quay Plaza II, 183, March Wall, London, England [CUBA]
- ACEFROSTY SHIPPING CO., LTD., 171 Old Bakery Street, Valletta, Malta [CUBA]
- ACERO, Cesar Augusto, Avenida 7N No. 17A-48, Cali, Colombia; c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia (Cedula No. 70564947 (Colombia)) (individual) [SDNT]
- ACEVEDO P., Francisco Luis, Carrera 1 No. 18-52, Cali, Colombia; c/o INVERSIONES INVERVALLE S.A., Cali, Colombia (Cedula No. 71660070 (Colombia)) (individual) [SDNT]
- ACIMOVIC, Slobodan, Assistant Director of Beogradska Banka (DOB 19 Sep 51) (individual) [FRYM]
- AD-DAR AL JAMAHIRIYA FOR PUB-LISHING DISTRIBUTION & ADVER-TISING, P.O. Box 15977, Casablanca, Morocco [LIBYA]
- AD-DAR AL JAMAHIRIYA FOR PUB-LISHING DISTRIBUTION & ADVER-TISING, P.O. Box 17459, Misurata, Libya [LIBYA]
- AD-DAR AL JAMAHIRIYA FOR PUB-LISHING DISTRIBUTION & ADVER-TISING, P.O. Box 20108, Sebha, Libya [LIBYA]
- AD-DAR AL JAMAHIRIYA FOR PUB-LISHING DISTRIBUTION & ADVER-TISING, P.O. Box 321, Benghazi, Libya [LIBYA]
- AD-DAR AL JAMAHIRIYA FOR PUB-LISHING DISTRIBUTION & ADVER-TISING, P.O. Box 547, Valletta, Malta [LIBYA]
- AD-DAR AL JAMAHIRIYA FOR PUB-LISHING DISTRIBUTION & ADVER-TISING, P.O. Box 959, Tripoli, Libya [LIBYA]
- ADBALLAH, Fazul (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- ADEMI, Xhevat, Member of National Liberation Army (NLA) (DOB: 8 Dec 1962; POB: Tetovo, FYROM) (individual) [BALKANS]
- ADEMULERO, Babestan Oluwole (see OGUNGBUYI, Oluwole A.) (individual) [SDNTK]
- ADMACOOP (a.k.a. COOPERATIVA MULTIACTIVA DE ADMINISTRACION Y MANEJO ADMACOOP), Calle 12B No. 28-58, Bogota, Colombia; Carrera 28A No. 14-29,

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

- Bogota, Colombia; NIT #830030933-6 (Colombia) [SDNT]
- ADMINCHECK LIMITED, 1 Old Burlington Street, London, England [IRAQ]
- ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Avenida 2CN No. 24N-92, Cali, Colombia; Calle 17N No. 6N-28, Cali, Colombia (NIT #800149060-5) [SDNT]
- ADVANCED ELECTRONICS DEVELOPMENT, LTD., 3 Mandeville Place, London, England [IRAQ]
- AEROCARIBBEAN AIRLINES (a.k.a. AEROCARIBBEAN), Havana, Cuba [CUBA]
- AEROTAXI EJECUTIVO, S.A., Managua, Nicaragua [CUBA]
- AFRICAN DRILLING COMPANY, Khartoum, Sudan [SUDAN]
- AFGHAN NATIONAL BANK (see BANKE MILLIE AFGHAN) [TALIBAN]
- AFGHAN, Shear (a.k.a. AFGHAN, Sher; a.k.a. AFGHAN, Shir; a.k.a. AZIZ, Mohammad; a.k.a. KHAN, Abdullah) DOB 1962; alt. DOB 1959; POB Pakistan (individual) [SDNTK]
- AFGHAN, Sher (a.k.a. AFGHAN, Shear; a.k.a. AFGHAN, Shir; a.k.a. AZIZ, Mohammad; a.k.a. KHAN, Abdullah) DOB 1962; alt. DOB 1959; POB Pakistan (individual) [SDNTK]
- AFGHAN, Shir (a.k.a. AFGHAN, Shear; a.k.a. AFGHAN, Sher; a.k.a. AZIZ, Mohammad; a.k.a. KHAN, Abdullah) DOB 1962; alt. DOB 1959; POB Pakistan (individual) [SDNTK]
- THE AFGHAN STATE BANK (see DA AFGHANISTAN BANK) [TALIBAN]
- AFRICAN OIL CORPORATION, P.O. Box 1, Khartoum North, Sudan [SUDAN]
- AGENCIA DE VIAJES GUAMA (a.k.a. GUAMA TOUR; a.k.a. GUAMATUR, S.A.; a.k.a. VIAJES GUAMA TOURS), Bal Harbour Shopping Center, Via Italia, Panama City, Panama [CUBA]
- AGHA, Haji Abdul Manan (a.k.a. SAIYID, Abd Al-Man'am), Pakistan (individual) [SDGT]
- AGHIL, Yousef I., Libya (individual) [LIBYA]
- AGIP NORTH AFRICA AND MIDDLE EAST OIL COMPANY (a.k.a. AGIP (N.A.M.E.) LIMITED), Adahr, P.O. Box 346, Sciara Giakarta, Tripoli, Libya [LIBYA]
- AGIP NORTH AFRICA AND MIDDLE EAST OIL COMPANY (a.k.a. AGIP (N.A.M.E.) LIMITED), Benghazi Office, P.O. Box 4120, Benghazi, Libya (Designation applies only to joint venture located in Libya) [LIBYA]
- AGRICOLA GANADERA HENAO GONZALEZ Y CIA. S.C.S., Carrera 4A No. 16-04 apt. 303, Cartago, Colombia; Km. 5 Via Aeropuerto, Cartago, Colombia; Carrera 1 No. 13-08, Cartago, Colombia; NIT # 800021615-1 (Colombia) [SDNT]
- AGRICOLA HUMYAMI LTDA., Apartado Aereo 30352, Cali, Colombia [SDNT]
- AGRICOLA SONGO LTDA., Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 890115794-3 (Colombia) [SDNT]
- AGRICULTURAL BANK OF SUDAN, P.O. Box 1363, Khartoum, Sudan [SUDAN]
- AGRICULTURAL CO-OPERATIVE BANK, Rashid Street, Baghdad, Iraq [IRAQ]
- AGRICULTURAL ENGINEERING COMPANY, Libya [LIBYA]
- AGROINVERSORA URDINOLA HENAO Y CIA. S.C.S., Calle 5 No. 22-39 of. 205, Cali, Colombia; Calle 52 No. 28E-30, Cali, Colombia; NIT # 800042180-1 (Colombia) [SDNT]
- AGROPECUARIA BETANIA LTDA., Calle 70N No. 14-31, Cali, Colombia; Carrera 61 No. 11-58, Cali, Colombia [SDNT]
- AGROPECUARIA LA ROBLEDA S.A., Carrera 61 No. 11-58, Cali, Colombia; Avenida 2DN No. 24N-76, Cali, Colombia (NIT # 800160353-2) [SDNT]
- AGROPECUARIA Y REFRESTADORA HERREBE LTDA., Avenida 2N No. 7N-55 of. 501, Cali, Colombia [SDNT]
- AGROVETERINARIA EL TORO (see INVERSIONES BOMBAY S.A.) [SDNT]
- AGROVETERINARIA EL TORO #2 (see INVERSIONES BOMBAY S.A.) [SDNT]
- AGUADO ORTIZ, Luis Jamerson, c/o D'CACHE S.A., Cali, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o FLEXOEMPAQUES LTDA., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES COSMOVALLE LTDA., Cali, Colombia; c/o PLASTICOS CONDOR LTDA., Cali, Colombia; Cedula No. 2935839 (Colombia) (individual) [SDNT]
- AGUAS LOZADA, Rafael, c/o COSMEPOP, Bogota, Colombia; c/o DROGAS LA REBAJA BOGOTA S.A., Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 11385426 (Colombia)) (individual) [SDNT]
- AGUDELO GALVEZ, Lieride, c/o INVERSIONES GEMINIS S.A., Cali, Colombia (Cedula No. 6511576 (Colombia)) (individual) [SDNT]
- AGUDELO, Ivan de Jesus, Avenida 6N No. 47-197 17, Cali, Colombia; c/o INDUSTRIA MADERERA ARCA LTDA., Cali, Colombia (individual) [SDNT]
- AGUIAR, Raul, Director, Banco Nacional de Cuba, Avenida de Concha, Espina 8, E-28036, Madrid, Spain (individual) [CUBA]
- AGUILERA QUIJANO, Harold, c/o ASESORIAS COSMOS LTDA., Cali, Colombia (Cedula No. 16594227 (Colombia)) (individual) [SDNT]
- AH HAQ, Dr. Amin (see AL-HAQ, Amin) (individual) [SDGT]
- AHLYA BUILDING MATERIALS CO., P.O. Box 1351, Benghazi, Libya; P.O. Box 8545, Jumhuriya Street, Tripoli, Libya [LIBYA]
- AHMAD, Abu Bakr (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]

Ch. V, App. A

31 CFR Ch. V (7-1-02 Edition)

- AHMAD, Mufti Rasheed (see LADEHYANOY, Mufti Rashid Ahmad) (individual) [SDGT]
- AHMAD, Mustafa Muhammad (see SA'ID, Shaykh) (individual) [SDGT]
- AHMAD QASSEM AND SONS CO., Libya [LIBYA]
- AHMAD, Rasem, P.O. Box 1318, Amman, Jordan (individual) [IRAQ]
- AHMAD, Tariq Anwar al-Sayyid (a.k.a. FARAG, Hamdi Ahmad; a.k.a. FATHI, Amr Al-Fatih) (DOB 15 Mar 1963; POB Alexandria, Egypt) (individual) [SDGT]
- AHMAD, Wallid Issa, Iraq (individual) [IRAQ]
- AHMED, A. (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- AHMED, Abubakar (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- AHMED, Abubakar K. (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- AHMED, Abubakar Khalfan (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- AHMED, Abubakary K. (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- AHMED, Ahmed (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- AHMED, Ahmed Khalfan (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- AHMED HAMED (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- AHMED THE EGYPTIAN (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- AHMED THE TALL (see SWEDAN, Sheikh Ahmed Salim) (individual) [SDGT]
- "AHMED THE TANZANIAN" (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- AHMETI, Ali, Member of National Liberation Army (NLA) (DOB: 4 Jan 1959; POB: Kicevo, FYROM) (individual) [BALKANS]
- AIADI, Ben Muhammad (see BIN MUHAMMAD, Ayadi Chafiq) (individual) [SDGT]
- AIADY, Ben Muhammad (see BIN MUHAMMAD, Ayadi Chafiq) (individual) [SDGT]
- AIAI (see AL-ITIHAAD AL-ISLAMIYA) [SDGT]
- A.I.C. COMPREHENSIVE RESEARCH INSTITUTE (See AUM SHINRIKYO) [FTO]
- A.I.C. SOGO KENKYUSHO (See AUM SHINRIKYO) [FTO]
- AIIB (see JAPANESE RED ARMY) [FTO]
- AIRMORES SHIPPING CO. LTD. (a.k.a. AIMOROS SHIPPING CO. LTD.), c/o MELFI MARINE CORPORATION S.A., Oficina 7, Edificio Senorial, Calle 50, Apartado 31, Panama City 5, Panama [CUBA]
- AISHA, Abu (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- AKSH (see ALBANIAN NATIONAL ARMY) [BALKANS]
- AL ABIAR FODDER PLANT, Libya [LIBYA]
- AL-'ADIL, Saif (see AL-ADL, Sayf) (individual) [SDGT]
- AL-ADL, Sayf (a.k.a. AL-'ADIL, Saif) (DOB 1963; POB Egypt) (individual) [SDGT]
- AL-AGELI, Dr. Mukhtar Ali (a.k.a. EL-AGELI, Dr. Mukhtar Ali; a.k.a. EL-AGELI, Dr. Mukhtar Ali), Apartment 10, Maida Vale, Little Venice, London, England; 15/17 Lodge Road, St. Johns Wood, London NW8 7JA, England (DOB 23 July 1944) (individual) [LIBYA]
- AL-AHDAL, Mohammad Hamdi Sadiq (see AL-HAMATI, Muhammad) (individual) [SDGT]
- AL AHLIYA CO. FOR TRADING AND MANUFACTURE OF CLOTHING, P.O. Box 4152, Benghazi, Libya; P.O. Box 15182, Tripoli, Libya [LIBYA]
- AL-AHMAD, Mahmoud Diab (a.k.a. AL-AHMAD, Mahmud Dhiyab), Minister of Housing and Reconstruction, Iraq (individual) [IRAQ]
- AL AMAL CO. FOR TRADING AND MANUFACTURING OF CLOTHING, Libya [LIBYA]
- AL-AMIRI, Adnan Talib Hassim, 43 Palace Mansions, Hammersmith, London, England (individual) [IRAQ]
- AL-AMRIKI, Abu-Ahmad (see HIJAZI, Riad) (individual) [SDGT]
- AL-ARABI TRADING COMPANY LIMITED, Lane 11, Hai Babil, Baghdad District 929, Iraq [IRAQ]
- AL-ATRUSH, Abd al-Wahhab Umar Mirza (a.k.a. AL-ATRUSHI, Abdel Wahab), a minister of state, Iraq (DOB 1936) (individual) [IRAQ]
- AL-AZAWI, Dafir, Iraq (individual) [IRAQ]
- AL-BAZZAZ, Hikmet Abdallah (a.k.a. AL-BAZAZ, Hikmet Abdullah, Minister of Education, Iraq (individual) [IRAQ]
- AL-DAJANI, Leila N.S., P.O. Box 1318, Amman, Jordan (individual) [IRAQ]
- AL-DAJANI, Nadim S., P.O. Box 1318, Amman, Jordan (individual) [IRAQ]
- AL-DAJANI, Sa'ad, P.O. Box 1318, Amman, Jordan (individual) [IRAQ]
- AL-DULAIMI, Khalaf M. M., Baghdad, Iraq (individual) [IRAQ]
- AL-FARAN (see HAKARAT ULMUJAHIDEEN) [FTO]
- AL-FILISTINI, Abu Qatada (see UTHMAN, Omar Mahmoud) (individual) [SDGT]
- AL-GAMA'AT (see GAMA'A AL-ISLAMIYYA) [SDT, FTO]
- AL GAZEERA BENGHAZI, P.O. Box 2456, Benghazi, Libya [LIBYA]
- AL-HABOBI, Dr. Safa Haji J. (a.k.a. AL-HABOBI, Dr. Safa; a.k.a. AL-HABUBI, Dr. Safa Hadi Jawad; a.k.a. HABUBI, Dr. Safa Hadi Jawad; a.k.a. HABUBI, Dr. Safa Hadi Jawad; a.k.a. JAWAD, Dr. Safa Hadi), Minister of Oil, Flat 4D Thorney Court, Palace Gate, Kensington, England; Iraq (DOB 1 July 1946) (individual) [IRAQ]
- AL-HADID (see HAKARAT ULMUJAHIDEEN) [FTO]
- AL-HADITH (see HAKARAT ULMUJAHIDEEN) [FTO]
- AL-HAMATI, Muhammad (a.k.a. AL-AHDAL, Mohammad Hamdi Sadiq; a.k.a.



Office of Foreign Assets Control, Treasury

Ch. V, App. A

AL-MAKKI, Abu Asim, Yemen (individual) [SDGT].

AL-HAMATI SWEETS BAKERIES, Al-Mukallah, Hadhramawt Governorate, Yemen [SDGT]

AL HAMBRA HOLDING COMPANY, Madrid, Spain [LIBYA]

AL-HAMMADI, Hamid Yusif (a.k.a. HAMADI, Hamed Yussef), Minister of Culture and Information, Iraq (individual) [IRAQ]

AL-HAQ, Amin (a.k.a. AMIN, Muhammad; a.k.a. AH HAQ, Dr. Amin; a.k.a. UL-HAQ, Dr. Amin) (DOB 1960; POB Nangahar Province, Afghanistan) (individual) [SDGT]

AL HARAKAT AL ISLAMIYYA (see ABU SAYYAF GROUP) [FTO]

AL HARAKAT AL ISLAMIYYA (see ABU SAYYAF GROUP) [FTO] [SDGT]

AL-HASSAN, Anas Malik Dohan (a.k.a. AL-HASSAN, Anas; a.k.a. DOHAN, Anas; a.k.a. DOHAN, Anas Malik; a.k.a. MALIK, Anas), Baghdad, Iraq (individual) [IRAQ]

AL-HASSAN, Anas Malik Dohan (a.k.a. AL-HASSAN, Anas; a.k.a. DOHAN, Anas; a.k.a. DOHAN, Anas Malik; a.k.a. MALIK, Anas), Jordan (individual) [IRAQ]

AL-HASSAN, Watban Ibrahim (a.k.a. AL-TAKRITI, Watban; a.k.a. AL-TIKRITI, Watban Ibrahim al-Hasan), Minister of the Interior, Baghdad, Iraq (DOB 1952) (individual) [IRAQ]

AL-HAWEN, Abu-Ahmad (see HIJAZI, Riad) (individual) [SDGT]

AL-HIJAZI, Mahmud, Secretary of Justice and Public Security of the Government of Libya, Libya (DOB 1944, POB Batta, Libya) (individual) [LIBYA]

AL-HINSHIRI, Izz Al-Din Al-Muhammad, Secretary of Communications and Transport of the Government of Libya, Libya (DOB 6 October 1951) (individual) [LIBYA]

AL-HOURI, Ali Saed Bin Ali (see EL-HOORIE, Ali Saed Bin Ali) (individual) [SDGT]

AL-HUWAYSH, Isam Rashid, Governor of the Central Bank, Iraq (individual) [IRAQ]

AL-IRAQI, Abd al-Hadi (a.k.a. ABU ABDALLAH; a.k.a. AL-IRAQI, Abdal al-Hadi) (individual) [SDGT]

AL-IRAQI, Abdal al-Hadi (see AL-IRAQI, Abd al-Hadi) (individual) [SDGT]

AL-ITIHAAD AL-ISLAMIYA (a.k.a. AIAI) [SDGT]

AL-JABBURI, Sadi Tuma Abbas, Adviser to the President for Military Affairs, Iraq (DOB 1939) (individual) [IRAQ]

AL-JADAWI, Saqar (DOB 1965) (individual) [SDGT]

AL-JAMA'AH AL-ISLAMIYAH AL-MUSALLAH (see ARMED ISLAMIC GROUP) [FTO]

AL-JAMA'AH AL-ISLAMIYAH AL-MUSALLAH (see ARMED ISLAMIC GROUP) [FTO] [SDGT]

AL JAMAL TRADING EST. (BENGHAZI), Benghazi, Libya [LIBYA]

AL-JIHAD (a.k.a. EGYPTIAN AL-JIHAD; a.k.a. EGYPTIAN ISLAMIC JIHAD; a.k.a. JIHAD GROUP; a.k.a. NEW JIHAD) [SDT] [FTO] [SDGT]

AL-JIHAD (a.k.a. EGYPTIAN AL-JIHAD; a.k.a. NEW JIHAD; a.k.a. EGYPTIAN ISLAMIC JIHAD; a.k.a. JIHAD GROUP) [SDT, FTO]

AL-JIHIMI, Tahir, Secretary of Economy and Trade of the Government of Libya, Libya (individual) [LIBYA]

AL KABIR, 1 Giaddet Omar Mokhtar, P.O. Box 685, Tripoli, Libya (individual) [LIBYA]

AL-KADR, Ahmad Sa'id (a.k.a. AL-KANADI, Abu Abd Al-Rahman) (DOB 01 Mar 1948; POB Cairo, Egypt) (individual) [SDGT]

AL-KAFI, Isa Abd, Secretary of Agrarian Reform, Land Reclamation, and Animal Resources of the Government of Libya, Libya (individual) [LIBYA]

AL-KAMEL, Salah 'Ali (see MUSA, Rifa'i Ahmad Taha) [SDT]

AL-KANADI, Abu Abd Al-Rahman (see AL-KADR, Ahmad Sa'id) (individual) [SDGT]

AL-KHAFAJI, Sabah, 254 Rue Adolphe Pajeaud, 92160 Antony, France (individual) [IRAQ]

AL-KHODAIR, Ahmad Hussein (a.k.a. SAMARRAI, Ahmad Husayn Khudayir), Minister of Finance, Iraq (DOB 1941) (individual) [IRAQ]

AL-KINI, Usama (see MSALAM, Fahid Mohammed Ally) (individual) [SDGT]

AL-LIBI, Anas (see AL-LIBY, Anas) (individual) [SDGT]

AL-LIBI, Ibn Al-Shaykh (individual) [SDGT]

AL-LIBY, Anas (a.k.a. AL-LIBI, Anas; a.k.a. AL-RAGHIE, Nazih; a.k.a. AL-RAGHIE, Nazih Abdul Hamed; a.k.a. AL-SABAI, Anas), Afghanistan (DOB 30 Mar 1964; alt. DOB 14 May 1964; POB Tripoli, Libya; Citizen Libya) (individual) [SDGT]

AL-MAGHRIBI, Rashid (see HIJAZI, Riad) (individual) [SDGT]

AL-MAHMUDI, Baghdadi, Secretary of Health and Social Security of the Government of Libya, Libya (individual) [LIBYA]

AL-MAJID, General Ali Hassan (a.k.a. AL-MAJID, General Ali Hasan), Minister of Defense, Baghdad, Iraq (DOB 1941) (individual) [IRAQ]

AL-MAJID, Hussein Kamel Hassan (a.k.a. AL-MAJID, Husayn Kamil Hasan), Minister of Industry and Minerals and Advisor to the President, Baghdad, Iraq (DOB 1955) (individual) [IRAQ]

AL-MAKKI, Abu Asim (see AL-HAMATI, Muhammad) (individual) [SDGT]

AL-MAL, Muhammad Bayt, Secretary of Planning and Finance of the Government of Libya, Libya (individual) [LIBYA]

AL-MALIKI, Shabib Lazem (a.k.a. AL-MALEKI, Shebib Lazim), Minister of Justice, Iraq (DOB 1936) (individual) [IRAQ]

AL MASRI, Abd Al Wakil (see FADHIL, Mustafa Mohamed) (individual) [SDGT]

- AL-MASRI, Abu Hafis (see ATEF, Muhammad) [SDT]
- AL-MASRI, Abu Hafis (see ATIF, Muhammad) (individual) [SDT] [SDGT]
- AL-MASRI, Abu Mohamed (see ABDULLAH, Abdullah Ahmed) (individual) [SDGT]
- AL-MASRI, Ahmad (see ALI, Ahmed Mohamed Hamed) (individual) [SDGT]
- AL-MUGHASSIL, Ahmad Ibrahim (a.k.a. AL-MUGHASSIL, Ahmed Ibrahim; a.k.a. ABU OMRAN) (DOB 26 Jun 1967; POB Qatif—Bab al Shamal, Saudi Arabia; Citizen Saudi Arabia) (individual) [SDGT]
- AL-MUGHASSIL, Ahmed Ibrahim (see AL-MUGHASSIL, Ahmad Ibrahim) (individual) [SDGT]
- AL-MUHAJIR, Abdul Rahman (see ATWAH, Muhsin Musa Matwalli) (individual) [SDGT]
- AL-MUNTASIR, Umar Mustafa, Secretary of People's External Liaison and International Cooperation Bureau of the Government of Libya, Libya (DOB 1939, POB Misurata, Libya) (individual) [LIBYA]
- AL-NAMER, Mohammed K.A. (see ATWAH, Muhsin Musa Matwalli) (individual) [SDGT]
- AL-NASSER, Abdelkarim Hussein Mohamed (POB Al Ihsa, Saudi Arabia; Citizen Saudi Arabia) (individual) [SDGT]
- AL-NUBI, Abu (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- AL-NUR HONEY CENTER (see AL-NUR HONEY PRESS SHOPS) [SDGT]
- AL-NUR HONEY PRESS SHOPS (a.k.a. AL-NUR HONEY CENTER), Sanaa, Yemen [SDGT]
- AL-QADI, Yasin (a.k.a. KADI, Shaykh Yassin Abdullah; a.k.a. KAHDY, Yasin), Jeddah, Saudi Arabia (individual) [SDGT]
- AL QAEDA (see AL QA'IDA) [SDT, FTO]
- AL QAEDA (see AL QAIDA) [SDT] [FTO] [SDGT]
- AL QA'IDA (a.k.a. AL QAEDA; a.k.a. "The BASE"; a.k.a. ISLAMIC ARMY; a.k.a. WORLD ISLAMIC FRONT FOR JIHAD AGAINST JEWS AND CRUSADERS; a.k.a. ISLAMIC ARMY FOR THE LIBERATION OF THE HOLY PLACES; a.k.a. USAMA BIN LADEN NETWORK; a.k.a. USAMA BIN LADEN ORGANIZATION; a.k.a. ISLAMIC SALVATION FOUNDATION; a.k.a. THE GROUP FOR THE PRESERVATION OF THE HOLY SITES) [SDT, FTO]
- AL QA'IDA (see AL QAIDA) [SDT] [FTO] [SDGT]
- AL-QAIDA (see ISLAMIC ARMY) [SDT]
- AL QAIDA (a.k.a. ISLAMIC ARMY; a.k.a. "THE BASE"; a.k.a. AL QA'IDA; a.k.a. AL QAEDA; a.k.a. INTERNATIONAL FRONT FOR FIGHTING JEWS AND CRUSADES; a.k.a. ISLAMIC ARMY FOR THE LIBERATION OF HOLY SITES; a.k.a. ISLAMIC SALVATION FOUNDATION; a.k.a. THE GROUP FOR THE PRESERVATION OF THE HOLY SITES; a.k.a. THE ISLAMIC ARMY FOR THE LIBERATION OF THE HOLY PLACES; a.k.a. THE WORLD ISLAMIC FRONT FOR JIHAD AGAINST JEWS AND CRUSADERS; a.k.a. USAMA BIN LADEN NETWORK; a.k.a. USAMA BIN LADEN ORGANIZATION) [SDT] [FTO] [SDGT]
- AL-QA'UD, Abd Al Majid, Secretary of Libya's General People's Committee, Libya (DOB 1943, POB Ghariar, Libya) (individual) [LIBYA]
- AL-QADHAFI, Muammar Abu Minyar, head of the Libyan Government and de facto Chief of State, Libya (DOB 1942, POB Sirte, Libya) (individual) [LIBYA]
- AL-QASIR, Nazar Jumah Ali (a.k.a. AL-QASSIR, Nizar Jomaa Ali), Minister of Irrigation, Iraq (individual) [IRAQ]
- AL-RAFIDAIN SHIPPING COMPANY, Bombay, India [IRAQ]
- AL-RAGHIE, Nazih (see AL-LIBY, Anas) (individual) [SDGT]
- AL-RAGHIE, Nazih Abdul Hamed (see AL-LIBY, Anas) (individual) [SDGT]
- AL RAHMAN, Shaykh Umar Abd, Chief Ideological Figure of ISLAMIC GAMA'AT (DOB 3 May 1938, POB Egypt) (individual) [SDT]
- AL RASHEED TRUST (see AL RASHID TRUST) [SDGT]
- AL-RASHEED TRUST (see AL RASHID TRUST) [SDGT]
- AL RASHID TRUST (a.k.a. AL RASHEED TRUST; a.k.a. AL-RASHEED TRUST; a.k.a. AL-RASHID TRUST), Kitab Ghar, 4 Dar-el-Iftah, Nazimabad, Karachi, Pakistan; Jamia Masjid, Sulaiman Park, Begum Pura, Lahore, Pakistan; Office Dha'rb-i-M'unin, opposite Khyber Bank, Abbottabad Road, Mansehra, Pakistan; Office Dha'rb-i-M'unin, Z.R. Brothers, Katcehry Road, Chowk Yadgaar, Peshawar, Pakistan; Office Dha'rb-i-M'unin, Room no. 3, Third Floor, Moti Plaza, near Liaquat Bagh, Murree Road, Rawalpindi, Pakistan; Office Dha'rb-i-M'unin, Top Floor, Dr. Dawa Khan Dental Clinic Surgeon, Main Baxar, Mingora, Swat, Pakistan (Operations in Afghanistan: Herat, Jalalabad, Kabul, Kandahar, Mazar Sharif. Also operations in: Kosovo, Chechnya) [SDGT]
- AL-RASHID TRUST (see AL RASHID TRUST) [SDGT]
- AL-RIDA, Karim Hasan (a.k.a. RIDA, Karim Hassan), Minister of Agriculture, Iraq (DOB 1944) (individual) [IRAQ]
- AL-RUBA, Dr. Khadim, Managing Director of REAL ESTATE BANK, Iraq (individual) [IRAQ]
- AL-SABAI, Anas (see AL-LIBY, Anas) (individual) [SDGT]
- AL-SAHHAF, Muhammad Said Kazim (a.k.a. AL-SAHAF, Mohammed Said), Minister of Foreign Affairs, Iraq (DOB 1940) (individual) [IRAQ]
- AL-SALIH, Muhammad Mahdi (a.k.a. SALEH, Mohammed Mahdi), Minister of Trade (DOB 1947) (individual) [IRAQ]

- AL-SHAHID, Abu-Ahmad (see HIJAZI, Riad) (individual) [SDGT]
- AL-SHAMIKH, Mubarak, Secretary of Housing and Utilities of the Government of Libya, Libya (DOB 1950) (individual) [LIBYA]
- AL-SHANQITI, Khalid (see ABU HAFS THE MAURITANIAN) (individual) [SDGT]
- AL-SHARIF, Sa'd (DOB 1969; POB Saudi Arabia) (individual) [SDGT]
- AL-SHIFA' HONEY PRESS FOR INDUSTRY AND COMMERCE, P.O. Box 8089, Al-Hasabah, Sanaa, Yemen; By the Shrine Next to the Gas Station, Jamal Street, Ta'iz, Yemen; Al-rudh Square, Khur Maksar, Aden, Yemen; Al-Nasr Street, Doha, Qatar [SDGT]
- AL SUDANI, Abu Seif (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- AL-SURIR, Abu Islam (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- AL-TAKRITI, Barzan Ibrahim Hassan (a.k.a. AL-TIKRITI, Barzan Ibrahim Hasan), Advisor to the President, Iraq; Geneva, Switzerland (DOB 17 February 1951) (individual) [IRAQ]
- AL-TAKRITI, Sabawi Ibrahim Hassan, Baghdad, Iraq (individual) [IRAQ]
- AL TANZANI, Ahmad (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- AL Wafa (see Wafa Humanitarian Organization) [SDGT]
- AL Wafa Organization (see Wafa Humanitarian Organization) [SDGT]
- AL-WAHAB, Abd Al-Hadi (see ABU ZUBAYDAH) (individual) [SDGT]
- AL-WALID, Mafouz Walad (see ABU HAFS THE MAURITANIAN) (individual) [SDGT]
- AL-WALID, Mahfouz Ould (see ABU HAFS THE MAURITANIAN) (individual) [SDGT]
- AL-YACOUB, Ibrahim Salih Mohammed (DOB 16 Oct 1966; POB Tarut, Saudi Arabia; Citizen Saudi Arabia) (individual) [SDGT]
- AL-ZANATI, Muhammad, Secretary of the General People's Congress of Libya, Libya (individual) [LIBYA]
- AL-ZAWAHIRI, Aiman Muhammad Rabi (see AL-ZAWAHIRI, Ayman) (individual) [SDT] [SDGT]
- AL-ZAWAHIRI, Ayman (a.k.a. AL ZAWAHIRI, Dr. Ayman; a.k.a. AL-ZAWAHIRI, Aiman Muhammad Rabi; a.k.a. SALIM, Ahmad Fuad), Operational and Military Leader of JIHAD GROUP (DOB 19 Jun 1951; POB Giza, Egypt; Passport No. 1084010 (Egypt); alt. Passport No. 19820215) (individual) [SDT] [SDGT]
- AL ZAWAHIRI, Dr. Ayman, Operational and Military Leader of JIHAD GROUP (DOB 19 June 1951, POB Giza, Egypt, Passport No. 1084010 (Egypt)) (individual) [SDT]
- AL ZAWAHIRI, Dr. Ayman (see AL-ZAWAHIRI, Ayman) (individual) [SDT] [SDGT]
- AL-ZIBARI, Arshad Muhammad Ahmad Muhammad, a minister of state, Iraq (DOB 1942) (individual) [IRAQ]
- AL-ZUBAYDI, Muhammad Hamsa (a.k.a. AL-ZUBAIDI, Mohammed Hamza), Deputy Prime Minister, Iraq (DOB 1938) (individual) [IRAQ]
- AL-ZUMAR, Abbud (a.k.a. ZUMAR, Colonel Abbud), Factional Leader of JIHAD GROUP, Egypt (POB Egypt) (individual) [SDT]
- ALAKTAN COTTON TRADING COMPANY (see ALAKTAN TRADING COMPANY) [SUDAN]
- ALAKTAN TRADING COMPANY (a.k.a. ALAKTAN COTTON TRADING COMPANY), P.O. Box 2067, Khartoum, Sudan [SUDAN]
- ALAVAREZ GAVIRIA, Jaime Antonio, c/o EXPORT CAFE LTDA., Cali, Colombia (DOB 17 Aug 1947; Cedula No. 10060853 (Colombia)) (individual) [SDNT]
- ALAWI, Abdel-Salam Abdel-Rahman (a.k.a. ALLAWI, Salam), General Manager of INDUSTRIAL BANK OF IRAQ, Iraq (individual) [IRAQ]
- ALBANIAN NATIONAL ARMY (a.k.a. ANA; a.k.a. AKSH) [BALKANS]
- ALBUNOVIC, Veljko, General Manager of Pozarevačka Banka AD (individual) [FRYM]
- ALCIDES MAGANA, Ramon (a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcedis; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]
- ALCIDES MAGANE, Ramon (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcedis; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]
- ALCIDES MAYENA, Ramon (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcedis; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]
- ALCIDEZ MAGANA, Ramon (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcedis; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

- a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]
- ALFA PHARMA S.A., Diagonal 17 No. 28A-80, Bogota, Colombia [SDNT]
- ALI, Ahmed Khalfan (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- ALI, Ahmed Mohammed (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- ALI, Ahmed Mohammed Hamed (a.k.a. ABDUREHMAN, Ahmed Mohammed; a.k.a. ABU FATIMA; a.k.a. ABU ISLAM; a.k.a. ABU KHADIJAH; a.k.a. AHMED, Ahmed; a.k.a. AHMED HAMED; a.k.a. Ahmed The Egyptian; a.k.a. ALI, Hamed; a.k.a. ALI, Ahmed Mohammed; a.k.a. AL-MASRI, Ahmad; a.k.a. AL-SURIR, Abu Islam; a.k.a. HEMED, Ahmed; a.k.a. SHIEB, Ahmed; a.k.a. SHUAIB, Afghanistan (DOB 1965; POB Egypt; Citizen Egypt) (individual) [SDGT]
- ALI, Ali Abdul Mutalib, Germany (individual) [IRAQ]
- ALI, Fadel Abdallah Mohammed (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- ALI, Hamed (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- ALI, Hassan (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- ALI, Salem (see MOHAMMED, Khalid Shaikh) (individual) [SDGT]
- ALKALA ASOCIADOS S.A. (f.k.a. INVHERESA S.A.), Calle 1A No. 62A-130, Cali, Colombia; Calle 1A No. 62A-120, Cali, Colombia; Avenida 2N No. 7N-55 of. 501, Cali, Colombia; Calle 70N No. 14-31, Cali, Colombia; NIT #800108121-0 (Colombia) [SDNT]
- ALKHAYOUN, Dhiah H., Chairman and General Manager of RASHEED BANK, Iraq (individual) [IRAQ]
- ALLY, Ahmed (see SWEDAN, Sheikh Ahmed Salim) (individual) [SDGT]
- ALLY, Fahid Mohammed (see MSALAM, Fahid Mohammed Ally) (individual) [SDGT]
- ALMANZA CANON, Nohora Juliana, c/o COSMEPOP, Bogota, Colombia (Cedula No. 52557912 (Colombia)) (individual) [SDNT]
- ALOARDI, Carlo Giovanni, Milan, Italy (individual) [CUBA]
- ALUBAF ARAB INTERNATIONAL BANK E.C. (a.k.a. ALUBAF), UGB Tower, Diplomatic Area, P.O. Box 12529, Manama, Bahrain [LIBYA]
- ALUBAF INTERNATIONAL BANK - TUNIS (a.k.a. ALUBAF - TUNIS), 90-92 Avenue Hedi Chaker, P.O. Box 51, 1002 Tunis Belvedere, Tunisia [LIBYA]
- ALVARADO BONILLA, Alejandro, c/o DROGAS LA REBAJA Bogota S.A., Bogota, Colombia (Cedula No. 79641039 (Colombia)) (individual) [SDNT]
- ALVAREZ, Manuel (AGUIRRE), Panama (individual) [CUBA]
- ALVAREZ TOSTADO, Jose (a.k.a. CASTELLANOS ALVAREZ TOSTADO, Juan Jose; a.k.a. GONZALEZ, Jose); DOB 27 Aug 1955; POB Mexico (individual) [SDNTK]
- ALWAN, Allaidin Hussain (a.k.a. ALWAN, Alla Idin Hussain), Baghdad, Iraq (individual) [IRAQ]
- ALZATE SALAZAR, Luis Alfredo, c/o COINTERCOS S.A., Bogota, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Bogota, Colombia; c/o DROGAS LA REBAJA Bogota S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 16595689 (Colombia)) (individual) [SDNT]
- AMAN CO. FOR TYRES AND BATTERIES, P.O. Box 2394, Benghazi, Libya; P.O. Box 17757, Misurata, Libya; Sabha, Libya; Tajura Km. 19, P.O. Box 30737, Tripoli, Libya; Tripoli, Libya [LIBYA]
- AMARO, Joaquim Ferreira, Praca Pio X, 54-10o Andar CEP 20091, Rio de Janeiro, Brazil (individual) [IRAQ]
- AMAYA OROZCO, Luis Alberto, Calle 18N No. 9-46, Cali, Colombia; c/o COMERCIALIZADORA DE CARNES DEL PACIFICO LTDA., Cali, Colombia (Cedula No. 4882167 (Colombia)) (individual) [SDNT]
- AMD CO. LTD AGENCY, Al-Tahrir Car Parking Building, Tahrir Sq., Floor 3, Office 33, P.O. Box 8044, Baghdad, Iraq [IRAQ]
- AMERICAN AIR WAYS CHARTERS, INC., 1840 West 49th Street, Hialeah, Florida, U.S.A. [CUBA]
- AMESCUA, Chuey (see AMEZCUA CONTRERAS, Jose de Jesus) (individual) [SDNTK]
- AMEZCUA CONTRERAS, Jesus (see AMEZCUA CONTRERAS, Jose de Jesus) (individual) [SDNTK]
- AMEZCUA CONTRERAS, Jose de Jesus (a.k.a. AMESCUA, Chuey; a.k.a. AMEZCUA CONTRERAS, Jesus; a.k.a. AMEZCUA, Chuy; a.k.a. AMEZCUA, Jose de Jesus; a.k.a. HERNANDEZ, Adan), DOB 31 July 1963; alt. DOB 31 July 1964; alt. DOB 31 July 1965; POB Mexico (individual) [SDNTK]
- AMEZCUA CONTRERAS, Luis Ignacio (a.k.a. AMEZCUA, Luis; a.k.a. CONTRERAS, Luis C.; a.k.a. LOPEZ, Luis; a.k.a. LOZANO, Eduardo; a.k.a. OCHOA, Salvador; a.k.a. RODRIGUEZ LOPEZ, Sergio), DOB 22 February 1964; alt. DOB 21 February 1964; alt. DOB 21 February 1974; POB Mexico (individual) [SDNTK]
- AMEZCUA, Chuy (see AMEZCUA CONTRERAS, Jose de Jesus) (individual) [SDNTK]
- AMEZCUA, Jose de Jesus (see AMEZCUA CONTRERAS, Jose de Jesus) (individual) [SDNTK]

- AMEZCUA, Luis (see AMEZCUA CONTRERAS, Luis Ignacio) (individual) [SDNTK]
- AMEZQUITA MENESES, Salustio, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia (Cedula No. 14943885 (Colombia)) (individual) [SDNT]
- AMIN EL GEZAI COMPANY (a.k.a. EL AMIN EL GEZAI COMPANY), Khartoum, Sudan [SUDAN]
- AMIN, Muhammad (see AL-HAQ, Amin) (individual) [SDGT]
- AMPARO RODRIGUEZ DE GIL Y CIA. S. EN C., Avenida 4N No. 5N-20, Cali, Colombia [SDNT]
- ANA (see ALBANIAN NATIONAL ARMY) [BALKANS]
- ANDINA DE CONSTRUCCIONES S.A., Cali, Colombia [SDNT]
- ANDRADE QUINTERO, Ancizar, c/o INMOBILIARIA BOLIVAR LTDA., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; c/o SERVICIOS INMOBILIARIAS LTDA., Cali, Colombia (Cedula No. 16672464 (Colombia)) (individual) [SDNT]
- ANGELINI, Alejandro Abood, Panama (individual) [CUBA]
- ANGLO-CARIBBEAN CO., LTD. (a.k.a. AVIA IMPORT), Ibex House, The Minorities, London EC3N 1DY, England [CUBA]
- ANGULO OROBIO, Jose Francisco, Avenida 4N No. 17-43 apt. 801, Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES VALLE S.A., Cali, Colombia (Cedula No. 16706561 (Colombia)) (individual) [SDNT]
- ANIS, Abu (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- ANO (see ABU NIDAL ORGANIZATION) [SDT, FTO]
- ANSAR ALLAH (see HIZBALLAH) [SDT, FTO]
- ANTI-IMPERIALIST INTERNATIONAL BRIGADE (see JAPANESE RED ARMY) [FTO]
- ANTILLANA SALVAGE CO. LTD., c/o EMPRESA ANTILLANA DE SALVAMENTO, 4th Floor, Lonja del Comercio, Havana Vieja, Havana, Cuba [CUBA]
- ANTI-WAR DEMOCRATIC FRONT (see JAPANESE RED ARMY) [FTO]
- AQUITAINNE LIBYE, Omar El Mokhtar Street, P.O. Box 282, Tripoli, Libya (Designation applies only to joint venture located in Libya) [LIBYA]
- ARAB BANK FOR INVESTMENT AND FOREIGN TRADE (a.k.a. ARBIFT), Al Masood Building, Khalifa Street, P.O. Box 7588, Abu Dhabi, U.A.E. [LIBYA]
- ARAB BANK FOR INVESTMENT AND FOREIGN TRADE (a.k.a. ARBIFT), ARBIFT Tower, Baniyas Street, P.O. Box 5549, Deira, Dubai, United Arab Emirates [LIBYA]
- ARAB BANK FOR INVESTMENT AND FOREIGN TRADE (a.k.a. ARBIFT), Head Office, ARBIFT Building, Sheikh Hamdan Street, P.O. Box 2484, Abu Dhabi, U.A.E. [LIBYA]
- ARAB BANK FOR INVESTMENT AND FOREIGN TRADE (a.k.a. ARBIFT), Khalfan Bin Rakan Building, Khalifa Street, P.O. Box 16003, Al Ain, U.A.E. [LIBYA]
- AB CO. FOR IMPORTATION AND MANUFACTURE OF CLOTHING AND TEXTILES, Libya [LIBYA]
- ARAB CEMENT COMPANY, Durdeib, Sudan; P.O. Box 6180, Khartoum, Sudan [SUDAN]
- ARAB COMMERCIAL INSURANCE COMPANY, Channel Islands [LIBYA]
- ARAB HELLENIC BANK, S.A. (a.k.a. APABO), 43 Penepistimiou Street, GR-105 64, Athens, Greece; 8088 Syngrou Avenue, GR-117 41, Athens, Greece; P.O. Box 19126, GR-117 10, Athens, Greece [LIBYA]
- ARAB LIBYAN SYRIAN INDUSTRIAL & AGRICULTURAL INVESTMENT COMPANY (a.k.a. SYLICO; a.k.a. SYRIAN LIBYAN COMPANY - INDUSTRIAL & AGRICULTURAL INVESTMENTS), 9 Mazze, Autostrade, Damascus, Syria [LIBYA]
- ARAB PETROLEUM ENGINEERING COMPANY LTD., Amman, Jordan [IRAQ]
- ARAB PROJECTS COMPANY S.A. LTD., P.O. Box 1318, Amman, Jordan [IRAQ]
- ARAB PROJECTS COMPANY S.A. LTD., P.O. Box 1972, Riyadh, Saudi Arabia [IRAQ]
- ARAB PROJECTS COMPANY S.A. LTD., P.O. Box 7939, Beirut, Lebanon [IRAQ]
- ARAB REAL ESTATE COMPANY (a.k.a. ARESCO), Beirut, Lebanon [LIBYA]
- ARAB REVOLUTIONARY BRIGADES (see ABU NIDAL ORGANIZATION) [SDT, FTO]
- ARAB REVOLUTIONARY COUNCIL (see ABU NIDAL ORGANIZATION) [SDT, FTO]
- ARAB UNION CONTRACTING CO., P.O. Box 3475, Tripoli, Libya [LIBYA]
- ARABIAN GULF OIL COMPANY (a.k.a. AGOCO), P.O. Box 263, Al Kish, Benghazi, Libya [LIBYA]
- ARABIAN GULF OIL COMPANY (a.k.a. AGOCO), P.O. Box 693-325, Ben Ashour Street, Tripoli, Libya [LIBYA]
- ARABIAN GULF OIL COMPANY (a.k.a. AGOCO), Sarir Field, Libya [LIBYA]
- ARABIAN GULF OIL COMPANY (a.k.a. AGOCO), Windsor House, 42-50 Victoria Street, London SW1H 0NW, England [LIBYA]
- ARANA MARIA, Jairo Abraham, Calle 74 No. 53-30, Barranquilla, Colombia; c/o DESARROLLOS URBANOS "DESARROLLAR" LTDA., Barranquilla, Colombia; c/o EDIFICACIONES DEL CARIBE LTDA., Barranquilla, Colombia; c/o GRAN COMPANIA DE HOTELES LTDA., Barranquilla, Colombia; c/o HOTELES E INMUEBLES DE COLOMBIA LTDA., Barranquilla, Colombia; c/o INMOBILIARIA DEL CARIBE LTDA., Barranquilla, Colombia; c/o INMOBILIARIA

- HOTELERA DEL CARIBE LTDA., Barranquilla, Colombia; c/o INVERSIONES HOTELERAS DEL LITORAL LTDA., Barranquilla, Colombia; c/o INVERSIONES PRADO TRADE CENTER LTDA., Barranquilla, Colombia; c/o NEGOCIOS Y PROPIEDADES DEL CARIBE LTDA., Barranquilla, Colombia; c/o SURAMERICANA DE HOTELES LTDA., Barranquilla, Colombia; DOB 8 February 1953; alt. DOB 2 May 1946; alt. DOB 21 May 1946; Passport Z4966601 (Colombia); Passport K1030420 (Colombia); Cedula No. 7450538 (Colombia) (individual) [SDNT]
- ARAP TURK BANKASI A.S. (a.k.a. ARAB TURKISH BANK; a.k.a. ATB), Gaziosmanpasa Bulvari No. 10/1, 35210 Alsancak, Izmir, Turkey [LIBYA]
- ARAP TURK BANKASI A.S. (a.k.a. ARAB TURKISH BANK; a.k.a. ATB), Havuzlu Sok. No. 3, 06540 Asagi Ayranci, Ankara, Turkey [LIBYA]
- ARAP TURK BANKASI A.S. (a.k.a. ARAB TURKISH BANK; a.k.a. ATB), P.O. Box 11, 01321 Adana, Turkey [LIBYA]
- ARAP TURK BANKASI A.S. (a.k.a. ARAB TURKISH BANK; a.k.a. ATB), P.O. Box 38, 06552 Cankaya, Ankara, Turkey [LIBYA]
- ARAP TURK BANKASI A.S. (a.k.a. ARAB TURKISH BANK; a.k.a. ATB), P.O. Box 380, 80223 Sisli, Istanbul, Turkey [LIBYA]
- ARAP TURK BANKASI A.S. (a.k.a. ARAB TURKISH BANK; a.k.a. ATB), P.O. Box 52, 35212 Pasaport, Izmir, Turkey [LIBYA]
- ARAP TURK BANKASI A.S. (a.k.a. ARAB TURKISH BANK; a.k.a. ATB), Vali Konagi Cad. No. 10, 80200 Nisantasi, Istanbul, Turkey [LIBYA]
- ARAP TURK BANKASI A.S. (a.k.a. ARAB TURKISH BANK; a.k.a. ATB), Ziyapasa Bulvari No. 14/A, 01130 Adana, Turkey [LIBYA]
- ARBELAEZ GALLON, Gladys, c/o SERVICIOS INMOBILIARIOS LTDA., Cali, Colombia (Cedula No. 31858038 (Colombia)) (individual) [SDNT]
- ARBELAEZ PARDO, Amparo, Casa No. 19, Avenida Lago, Ciudad Jardin, Cali, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; c/o INTERAMERICANA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o INVERSIONES ARA LTDA., Cali, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o VALORES MOBILIARIOS DE OCCIDENTE, Bogota, Colombia; DOB 9 August 1950; Passports AC568973 (Colombia), PE001850 (Colombia); Cedula No. 31218903 (Colombia) (individual) [SDNT]
- ARBOLEDA ARROYAVE, Pedro Nicholas (Nicolas), c/o CREDIREBAJA S.A., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; DOB 23 June 1957; Cedula No. 16602372 (Colombia) (individual) [SDNT]
- ARBOLEDA, Julio, c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia (Cedula No. 16205508 (Colombia)) (individual) [SDNT]
- ARCHI CENTRE I.C.E. LIMITED, 3 Mandeville Place, London, England [IRAQ]
- ARCHICONSULT LIMITED, 128 Buckingham Place, London 5, England [IRAQ]
- AREGON, Max (a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]
- ARELLANO FELIX, Benjamin Alberto, DOB 12 March 1952; alt. DOB 8 November 1953; alt. DOB 11 August 1955; POB Mexico (individual) [SDNTK]
- ARELLANO FELIX, Ramon Eduardo (a.k.a. COMACHO RODRIGUES, Gilberto; a.k.a. TORRES MENDEZ, Ramon), DOB 31 August 1964; POB Mexico (individual) [SDNTK]
- ARIANA AFGHAN AIRLINES (f.k.a. BAKHTAR AFGHAN AIRLINES), Afghan Authority Building, P.O. Box 76, Ansari Watt, Kabul, Afghanistan [TALIBAN]
- ARIAS CASTRO, Libardo (see CASTRO ARIAS, Libardo) (individual) [SDNT]
- ARIAS RAMIREZ, Jhon Helmer, c/o IMPORTADORA Y COMERCIALIZADORA LTDA., Cali, Colombia (Cedula No. 16796537 (Colombia)) (individual) [SDNT]
- ARIFI, Dr. Najmeddine Abdalla (a.k.a. ARIFI, Dr. Nagmeddin Abdalla), P.O. Box 2134, Tripoli, Libya (DOB 21 November 1947) (individual) [LIBYA]
- ARION SHIPPING CO., LTD., 60 South Street, Valletta, Malta [CUBA]
- ARISTIZABAL ATEHORTUA, Jaime Alberto, c/o COLOR 89.5 FM STEREO, Cali, Colombia; c/o DERECHO INTEGRAL Y CIA. LTDA., Cali, Colombia; c/o INVERSIONES MIGUEL RODRIGUEZ E HIJO, Cali, Colombia; c/o RADIO UNIDAS FM S.A., Cali, Colombia; c/o REVISTA DEL AMERICA LTDA., Cali, Colombia (Cedula No. 16756325 (Colombia)) (individual) [SDNT]
- ARIZABALETA ARZAYUS, Phanor (Fanor), Avenida 39 No. 15-22, Bogota, Colombia; Calle 110 No. 30-45, Bogota, Colombia; Carrera 9 No. 9S-35, Buga, Colombia; Carrera 4 No. 12-41 of. 710, Cali, Colombia;

- c/o CONSTRUCTORA ALTOS DE RETIRO LTDA., Bogota, Colombia; c/o INVERSIONES ARIO LTDA., Cali, Colombia (DOB 12 May 1938; Cedula No. 2879530 (Colombia)) (individual) [SDNT]
- ARJONA ALVARADO, Rafael, c/o ALPHA PHARMA S.A., Bogota, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o LABORATORIOS BLAIMAR, Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 19442698 (Colombia)) (individual) [SDNT]
- ARLONE FACELLI, Roberto, c/o DISTRIBUIDORA DE DROGAS CONDOR S.A., Bogota, Colombia (Cedula No. 16632415 (Colombia)) (individual) [SDNT]
- ARMANI, Dino, Via Abruzzi 94, Milan, Italy; Via San Francesco d'Assisi 10, Milan, Italy; Viale Abruzzi 24, Milan, Italy (DOB 20 September 1920) (individual) [LIBYA]
- ARMANI, Giampiero, Viale Abruzzi 94, Milan, Italy (DOB 15 September 1932) (individual) [LIBYA]
- ARMED ISLAMIC GROUP (AIG) (a.k.a. GIA; a.k.a. GROUPEMENT ISLAMIQUE ARME; a.k.a. AL-JAMA'AH AL-ISLAMIYAH AL-MUSALLAH) [FTO]
- ARMED ISLAMIC GROUP (a.k.a. AL-JAMA'AH AL-ISLAMIYAH AL-MUSALLAH; a.k.a. GIA; a.k.a. GROUPEMENT ISLAMIQUE ARME) [FTO] [SDGT]
- ARMERO RIASCOS, Jose Eliecer, Carrera 5 No. 8-00, Buenaventura, Colombia; c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia; Cedula No. 16471549 (Colombia) (individual) [SDNT]
- ARMY OF MOHAMMED (see JAISH-I-MOHAMMED) [SDGT]
- ASBAT AL-ANSAR [SDGT]
- ASESORIAS COSMOS LTDA., Carrera 40 No. 6-50 apt. 13-01, Cali, Colombia [SDNT]
- ASPOIR DEL PACIFICO Y CIA. LTDA., Cali, Colombia [SDNT]
- ASSOCIATED ENGINEERS, England [IRAQ]
- ASTERIS S.A. INDUSTRIAL & COMMERCIAL CORPORATION, Athens, Greece [LIBYA]
- ATAMALLO SHIPPING CO. LTD. (a.k.a. ANTAMALLO SHIPPING CO. LTD.), c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- ATBARA CEMENT COMPANY LIMITED, P.O. Box 36, Atbara, Sudan [SUDAN]
- ATEF, Muhammad (a.k.a. ABU HAFS; a.k.a. ABDULLAH, Sheikh Taysir; a.k.a. AL-MASRI, Abu Hafs; a.k.a. EL KHABIR, Abu Hafs el Masry; a.k.a. TAYSIR) DOB 1956; POB Egypt (individual) [SDT]
- ATEF, Muhammad (see ATIF, Muhammad) (individual) [SDT] [SDGT]
- ATIA, Hachim K., 2 Stratford Place, London W1N 9AE, England (individual) [IRAQ]
- ATIA, Hachim K., Hay Al-Adil, Mahala-645, Zukak-8, No.-39, Baghdad, Iraq (individual) [IRAQ]
- ATIA, Hachim K., Lane 15, Area 902, Hai Al-Wahda, Baghdad, Iraq (individual) [IRAQ]
- ATIF, Mohamed (see ATIF, Muhammad) (individual) [SDT] [SDGT]
- ATIF, Muhammad (a.k.a. AL-MASRI, Abu Hafs; a.k.a. ABDULLAH, Sheikh Taysir; a.k.a. ABU HAFS; a.k.a. ABU SITTA, Subhi; a.k.a. ATEF, Muhammad; a.k.a. ATIF, Mohamed; a.k.a. EL KHABIR, Abu Hafs el Masry; a.k.a. TAYSIR) (DOB 1951; alt. DOB 1956 alt. DOB 1944; POB Alexandria, Egypt) (individual) [SDT] [SDGT]
- ATLAS AIR CONDITIONING COMPANY LIMITED, 55 Roebuck House, Palace Street, London, England [IRAQ]
- ATLAS EQUIPMENT COMPANY LIMITED, 55 Roebuck House, Palace Street, London, England [IRAQ]
- ATWA, Ali (a.k.a. BOUSLIM, Ammar Mansour; a.k.a. SALIM, Hassan Rostom), Lebanon (DOB 1960; POB Lebanon; Citizen Lebanon) (individual) [SDGT]
- ATWAH, Muhsin Musa Matwalli (a.k.a. ABDEL RAHMAN; a.k.a. ABDUL RAHMAN; a.k.a. AL-MUHAJIR, Abdul Rahman; a.k.a. AL-NAMER, Mohammed K.A.), Afghanistan (DOB 19 Jun 1964; POB Egypt; Citizen Egypt) (individual) [SDGT]
- AUM SHINRIKYO (a.k.a. AUM SUPREME TRUTH; a.k.a. A.I.C. SOGO KENKYUSHO; a.k.a. A.I.C. COMPREHENSIVE RESEARCH INSTITUTE) [FTO]
- AUM SUPREME TRUTH (see AUM SHINRIKYO) [FTO]
- AUREAL INMOBILIARIA LTDA., Avenida 7 No. 112-38 of. 104, Bogota, Colombia [SDNT]
- AUTO BATTERY PLANT, Libya [LIBYA]
- AUTOMOBILE CORPORATION, Khartoum, Sudan [SUDAN]
- AVALON, S.A., Colon Free Zone, Panama [CUBA]
- AVENDANO GUTIERREZ, Francisco Eduardo, Carrera 8 No. 66-21 apt. 204, Bogota, Colombia; Transversal 1A No. 69-54 apt. 502, Bogota, Colombia; c/o CONSTRUCCIONES AVENDANO GUTIERREZ Y CIA. LTDA., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia; Cedula No. 16645182 (Colombia) (individual) [SDNT]
- AVILA DE MONDRAGON, Ana Dolores, c/o COMPAX LTDA., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES ABC S.A., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES COSMOVALLE LTDA., Cali, Colombia; Cedula No. 29183223 (Colombia) (individual) [SDNT]
- AVILA MIRANDA, Jorge A., Calle 52N No. 2D-29, Cali, Colombia; c/o CAUCALITO LTDA., Cali, Colombia; (Cedula No. 12534286 (Colombia)) (individual) [SDNT]

- AWDA, Abd Al Aziz, Chief Ideological Figure of PALESTINIAN ISLAMIC JIHAD - SHIQAQI (DOB 1946) (individual) [SDT]
- AYADI CHAFIK, Ben Muhammad (see BIN MUHAMMAD, Ayadi Chafiq) (individual) [SDGT]
- AYADI SHAFIQ, Ben Muhammad (see BIN MUHAMMAD, Ayadi Chafiq) (individual) [SDGT]
- AZIZ, Fouad Hamza, Praca Pio X, 54-10o Andar, CEP 20091, Rio de Janeiro, Brazil (individual) [IRAQ]
- AZIZ, Mohammad (a.k.a. AFGHAN, Shear; a.k.a. AFGHAN, Sher; a.k.a. AFGHAN, Shir; a.k.a. KHAN, Abdullah) DOB 1962; alt. DOB 1959; POB Pakistan (individual) [SDNTK]
- AZIZ, Tariq Mikhail, Deputy Prime Minister, Iraq (DOB 1936) (individual) [IRAQ]
- AZIZIA BOTTLE PLANT, Libya [LIBYA]
- AZRAC S.A., Panama [CUBA]
- AZZAWIYA OIL REFINING COMPANY, Benghazi Asphalt Plant Office, Benghazi, Libya [LIBYA]
- AZZAWIYA OIL REFINING COMPANY, P.O. Box 6451, Tripoli, Libya [LIBYA]
- BABANOUSA MILK PRODUCTS FACTORY, P.O. Box 16, Babanousa, Sudan [SUDAN]
- BABESTAN, Abeni O. (see OGUNGBUYI, Abeni O.) (individual) [SDNTK]
- BABESTAN, Wole A. (see OGUNGBUYI, Oluwole A.) (individual) [SDNTK]
- BABIL INTERNATIONAL, Aeroport D'Orly, 94390 Orly Aerogare, France [IRAQ]
- BADI, Mahmud, Secretary of People's Control and Follow-up of the Government of Libya, Libya (individual) [LIBYA]
- BAEZA MOLINA, Carlos Alberto, c/o DERECHO INTEGRAL Y CIA. LTDA., Cali, Colombia; c/o INVERSIONES MIGUEL RODRIGUEZ E HIJO, Cali, Colombia (Cedula No. 16621765 (Colombia)) (individual) [SDNT]
- BAHAMAD (see SWEDAN, Sheikh Ahmed Salim) (individual) [SDGT]
- BAHAMAD, Sheik (see SWEDAN, Sheikh Ahmed Salim) (individual) [SDGT]
- BAHAMADI, Sheikh (see SWEDAN, Sheikh Ahmed Salim) (individual) [SDGT]
- BAKHTAR AFGHAN AIRLINES (see ARIANA AFGHAN AIRLINES) [TALIBAN]
- BAKR, Abu (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- BALTOVSKI, Mira, General Manager for International Operations of Beogradska Banka (individual) [FRYM]
- BANCO BRASILEIRO-IRAQUIANO S.A., Praca Pio X, 54-10o Andar CEP 20091, Rio de Janeiro, Brazil (Head office and city branch) [IRAQ]
- BANCO NACIONAL DE CUBA (a.k.a. BNC; a.k.a. NATIONAL BANK OF CUBA), Avenida de Concha Espina 8, E-28036 Madrid, Spain [CUBA]
- BANCO NACIONAL DE CUBA (a.k.a. BNC; a.k.a. NATIONAL BANK OF CUBA), Dai-ichi Bldg. 6th Floor, 10-2 Nihombashi, 2-chome, Chuo-ku, Tokyo 103, Japan [CUBA]
- BANCO NACIONAL DE CUBA (a.k.a. BNC; a.k.a. NATIONAL BANK OF CUBA), Federico Boyd Avenue & 51 Street, Panama City, Panama [CUBA]
- BANCO NACIONAL DE CUBA (a.k.a. BNC; a.k.a. NATIONAL BANK OF CUBA), Zweierstrasse 35, CH-8022 Zurich, Switzerland [CUBA]
- BANDERAS, Aracelly, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia (individual) [SDNT]
- BANK E. MILLIE AFGHAN (see BANKE MILLIE AFGHAN) [TALIBAN]
- BANK OF AFGHANISTAN (see DA AFGHANISTAN BANK) [TALIBAN]
- BANK OF KHARTOUM (a.k.a. BANK OF KHARTOUM GROUP), P.O. Box 1008, Khartoum, Sudan; P.O. Box 312, Khartoum, Sudan; P.O. Box 880, Khartoum, Sudan; P.O. Box 2732, Khartoum, Sudan; P.O. Box 408, Barlamana Ave., Khartoum, Sudan; P.O. Box 67, Omdurman, Sudan; P.O. Box 241, Port Sudan, Sudan; P.O. Box 131, Wad Medani, Sudan; Abu Hammad, Sudan; Abugaouta, Sudan; Assalaya, Sudan; P.O. Box 89, Atbara, Sudan; Berber, Sudan; Dongola, Sudan; El Daba, Sudan; El Dain, Sudan; El Damazeen, Sudan; El Damer, Sudan; El Dilling, Sudan; El Dinder, Sudan; El Fashir, Sudan; El Fow, Sudan; El Gadarit, Sudan; El Garia, Sudan; El Ghadder, Sudan; El Managil, Sudan; El Mazmoum, Sudan; P.O. Box 220, El Obeid, Sudan; El Rahad, Sudan; El Roseirs, Sudan; El Suk el Shabi, Sudan; Halfa el Gadida, Sudan; Karima, Sudan; Karkoug, Sudan; Kassala, Sudan; Omdurman P.O. Square, P.O. Box 341, Khartoum, Sudan; Sharia el Barlamana, P.O. Box 922, Khartoum, Sudan; Sharia el Gama'a, P.O. Box 880, Khartoum, Sudan; Sharia el Gamhoria, P.O. Box 312, Khartoum, Sudan; Sharia el Murada, Khartoum, Sudan; Tayar Murad, P.O. Box 922, Khartoum, Sudan; Suk el Arabi, P.O. Box 4160, Khartoum, Sudan; University of Khartoum, Khartoum, Sudan; P.O. Box 12, Kosti, Sudan; P.O. Box 135, Nyala, Sudan; Rabak, Sudan; Rufaa, Sudan; Sawakin, Sudan; Shendi, Sudan; Singa, Sudan; Tamboul, Sudan; Tandalti, Sudan; Tokar, Sudan; Wadi Halfa, Sudan [SUDAN]
- BANK OF SUDAN, Sharia El Gamaa, P.O. Box 313, Khartoum, Sudan; Atbara, Sudan; P.O. Box 27, El Obeid, Sudan; P.O. Box 136, Juba, Sudan; P.O. Box 73, Kosti, Sudan; Nyala, Sudan; P.O. Box 34, Port Sudan, Sudan; Wad Medani, Sudan; Wau, Sudan [SUDAN]
- BANKE MILLIE AFGHAN (a.k.a. AFGHAN NATIONAL BANK; a.k.a. BANK E. MILLIE AFGHAN) Jada Ibn Sina, Kabul, Afghanistan [TALIBAN]
- BANOVIC, Nenad, (ICTY indictee, Bosnian Serb) (individual) [FRYM]



- BANOVIC, Predrag, (ICTY indictee, Bosnian Serb) (individual) [FRYM]
- BANQUE ARABE DU NORD-BAAN (a.k.a. BANQUE ARABE D'AFRIQUE DU NORD [BAAN]; a.k.a. N.A.I.B.; a.k.a. NORTH AFRICA INTERNATIONAL BANK; a.k.a. NORTH AFRICAN INTERNATIONAL BANK), P.O. Box 102, Le Belvedere, 1002 Tunis, Tunisia [LIBYA]
- BANQUE ARABE DU NORD-BAAN (a.k.a. BANQUE ARABE D'AFRIQUE DU NORD [BAAN]; a.k.a. N.A.I.B.; a.k.a. NORTH AFRICA INTERNATIONAL BANK; a.k.a. NORTH AFRICAN INTERNATIONAL BANK), 25 Avenue Khereddine Pacha, Tunis, Tunisia [LIBYA]
- BANQUE ARABE DU NORD-BAAN (a.k.a. BANQUE ARABE D'AFRIQUE DU NORD [BAAN]; a.k.a. N.A.I.B.; a.k.a. NORTH AFRICA INTERNATIONAL BANK; a.k.a. NORTH AFRICAN INTERNATIONAL BANK), P.O. Box 485, 1080 Tunis Cedex, Tunisia [LIBYA]
- BANQUE ARABE DU NORD-BAAN (a.k.a. BANQUE ARABE D'AFRIQUE DU NORD [BAAN]; a.k.a. N.A.I.B.; a.k.a. NORTH AFRICA INTERNATIONAL BANK; a.k.a. NORTH AFRICAN INTERNATIONAL BANK), Avenue Kheireddine Pacha 25, Tunis, Tunisia [LIBYA]
- BANQUE ARABE LIBYENNE BURKINABE POUR LE COMMERCE EXTERIEUR ET LE DEVELOPPEMENT, 1336 Avenue Nelson Mandela, Ouagadougou, Burkina Faso [LIBYA]
- BANQUE ARABE LIBYENNE MALIENNE POUR LE COMMERCE EXTERIEUR ET LE DEVELOPPEMENT (a.k.a. BALIMA; a.k.a. BANQUE COMMERCIALE DU SAHEL; a.k.a. CHINGUETTY BANK), P.O. Box 2372, Bamako, Mali [LIBYA]
- BANQUE ARABE LIBYENNE MAURITANIENNE POUR LE COMMERCE EXTERIEUR ET LE DEVELOPPEMENT (a.k.a. BALM), Jamal Abdunasser Street, P.O. Box 262, Nouakchott, Mauritania [LIBYA]
- BANQUE ARABE LIBYENNE NIGERIENNE POUR LE COMMERCE EXTERIEUR ET LE DEVELOPPEMENT (a.k.a. BALINEX; a.k.a. BANQUE COMMERCIALE DU NIGER; a.k.a. BCN), P.O. Box 11363, Niamey, Niger [LIBYA]
- BANQUE ARABE LIBYENNE TOGOLAISE DU COMMERCE EXTERIEUR (a.k.a. BALTEX; a.k.a. SOCIETE INTERAFRICAINNE DU BANQUE), P.O. Box 4874, Lome, Togo [LIBYA]
- BANQUE ARABE TUNISO-LIBYENNE DE DEVELOPPEMENT ET DE COMMERCE EXTERIEUR (a.k.a. B.T.L.), 25 Avenue Kheireddine Pacha, P.O. Box 102, 1002 Le Belvedere, Tunis, Tunisia [LIBYA]
- BANQUE INTERCONTINENTALE ARABE, 67, Avenue Franklin Roosevelt, 75008 Paris, France [LIBYA]
- BANQUE TCHADO ARABE LIBYENNE, P.O. Box 104, N'Djamena, Chad [LIBYA]
- BARON DIAZ, Carlos Arturo, c/o GRACADAL S.A., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia (Cedula No. 49994 (Colombia)) (individual) [SDNT]
- BARONA, Fernando, c/o DISMERCOOP, Cali, Colombia (Cedula No. 16688872 (Colombia)) (individual) [SDNT]
- BAROON SHIPPING COMPANY LIMITED, Haven Court, 5 Library Ramp, Gibraltar [IRAQ]
- BARRIOS, Alba Lucia, Los Alcazares Bloq. 93 Ap. 402, Cali, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; c/o POLIEMPAQUES S.A., Cali, Colombia; c/o SONAR F.M. E.U. DIETER MURRLE, Cali, Colombia; c/o SONAR F.M. S.A., Cali, Colombia; Cedula No. 38853130 (Colombia) (individual) [SDNT]
- BARRIOS SENIOR, Jario Ascanio, c/o PENTACOOPTA LTDA., Bogota, Colombia (Cedula No. 8723099 (Colombia)) (individual) [SDNT]
- “The BASE” (see AL QA'IDA) [SDT, FTO]
- “THE BASE” (see AL QAIDA) [SDT] [FTO] [SDGT]
- BASQUE FATHERLAND AND LIBERTY (a.k.a. EUZKADI TA ASKATASUNA; a.k.a. ETA) [FTO]
- BATISTA, Miguel, Panama (individual) [CUBA]
- BAY INDUSTRIES, INC., 10100 Santa Monica Boulevard, Santa Monica, California, U.S.A. [IRAQ]
- BECERRA BECERRA, Alvaro, c/o AGROPECUARIA LA ROBLEDA LTDA., Cali, Colombia (Cedula No. 2730788 (Colombia)) (individual) [SDNT]
- BECERRA, Martin (a.k.a. BECERRA MIRELES, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]
- BECERRA MIRELES, Martin (a.k.a. BECERRA, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]

- QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]
- BECHARA SIMANCA, Salim, c/o SOCOVALLE, Cali, Colombia (DOB 26 July 1950; Cedula No. 19163957 (Colombia)) (individual) [SDNT]
- BELMEX IMPORT EXPORT CO., LTD., 24 Corner Regent and Kings Streets, Belize City, Belize [CUBA]
- BENGHAZI CEMENT PLANT, Libya [LIBYA]
- BENGHAZI EST. FOR BUILDING AND CONSTRUCTION, P.O. Box 2118, Benghazi, Libya [LIBYA]
- BENGHAZI LIME PLANT, Libya [LIBYA]
- BENGHAZI PAPER BAGS PLANT, Libya [LIBYA]
- BENGHAZI TANNERY, Libya [LIBYA]
- BENITEZ CASTELLANOS, Cesar Tulio, Carrera 65 No. 13B-82, Cali, Colombia; c/o COMUNICACION VISUAL LTDA., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DROGAS LA REBAJA, Cali, Colombia; c/o INVERSIONES MONDRAGON Y CIA. S.C.S., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES ABC S.A., Cali, Colombia; c/o RIONAP COMERCIOS Y REPRESENTACIONES S.A., Quito, Ecuador; Cedula No. 14969366 (Colombia) (individual) [SDNT]
- BERRUEN, Dr. Nuri Abdalla, c/o ARABIAN GULF OIL COMPANY, P.O. Box 263, Benghazi, Libya (DOB 18 March 1946) (individual) [LIBYA]
- BETTINA SHIPPING CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- BEWELL CORPORATION, INC., Panama [CUBA]
- BEXHETI, Nuri, Member of National Liberation Army (NLA) (DOB: 1962; POB: Tetovo, FYROM) (individual) [BALKANS]
- BIN KHALID, Fahd Bin Adballah (see MOHAMMED, Khalid Shaikh) (individual) [SDGT]
- BIN LADEN, Osama (see BIN LADEN, Usama) (individual) [SDT] [SDGT]
- BIN LADEN, Usama (a.k.a. BIN LADIN, Usama bin Muhammad bin Awad; a.k.a. BIN LADEN, Osama; a.k.a. BIN LADIN, Osama; a.k.a. BIN LADIN, Osama bin Muhammad bin Awad; a.k.a. BIN LADIN, Usama) (DOB 30 Jul 57; alt. DOB 1958; POB Jeddah, Saudi Arabia; alt. POB Yemen) (individual) [SDT] [SDGT]
- BIN LADIN, Osama (see BIN LADEN, Usama) (individual) [SDT] [SDGT]
- BIN LADIN, Osama bin Muhammad bin Awad (see BIN LADEN, Usama) (individual) [SDT] [SDGT]
- BIN LADIN, Usama (see BIN LADEN, Usama) (individual) [SDT] [SDGT]
- BIN LADIN, Usama bin Muhammad bin Awad (a.k.a. BIN LADIN, Usama), DOB 30 July 1957; POB Jeddah, Saudi Arabia (individual) [SDT]
- BIN LADIN, Usama bin Muhammad bin Awad (see BIN LADEN, Usama) (individual) [SDT] [SDGT]
- BIN MARWAN, Bilal (DOB 1947) (individual) [SDGT]
- BIN MUHAMMAD, Ayadi Chafiq (a.k.a. AYADI SHAFIQ, Ben Muhammad; a.k.a. AYADI CHAFIK, Ben Muhammad; a.k.a. AIADI, Ben Muhammad; a.k.a. AIADY, Ben Muhammad), Helene Meyer Ring 10-1415-80809, Munich, Germany; 129 Park Road, NW8, London, England; 28 Chaussee de Lille, Mouscron, Belgium; Darvingasse 1/2 58-60, Vienna, Austria; Tunisia (DOB 21 Jan 1963; POB Safais (Sfax), Tunisia) (individual) [SDGT]
- BLACK SEPTEMBER (see ABU NIDAL ORGANIZATION) [SDT, FTO]
- BLUE NILE BREWERY, P.O. Box 1408, Khartoum, Sudan [SUDAN]
- BLUE NILE PACKING CORPORATION, P.O. Box 385, Khartoum, Sudan [SUDAN]
- BOILEAU, Pierre, 1078 Rue Champigny, Duvernay, Quebec, Canada (individual) [CUBA]
- BONOMERCAD S.A. (f.k.a. DECACOOP S.A.), Transversal 29 No. 39-92, Bogota, Colombia; NIT #830018919-3 (Colombia) [SDNT]
- BOROVNICA, Goran, (ICTY indictee, Bosnian Serb) (individual) [FRYM]
- BORRERO Q., Hector Fabio, c/o INMOBILIARIA SAMARIA LTDA., Cali, Colombia; c/o INVERSIONES SANTA LTDA., Cali, Colombia; c/o SOCIEDAD CONSTRUCTORA LA CASCADA S.A., Cali, Colombia (individual) [SDNT]
- BORTOLOTTI PETROLI S.p.A., Via San Desiderio, 11, 25020 Flero, Italy; Magazzino con Vendita Ingrosso, Via Garibaldi, 51, 25030 Paratico, Italy; Deposito, Via Zette, 14/A, 25087 Salo, Italy [SDN]
- BOUSLIM, Ammar Mansour (see ATWA, Ali) (individual) [SDGT]
- BOUTIQUE LA MAISON, 42 Via Brasil, Panama City, Panama [CUBA]
- BOZOVIC, Radoman, ex-Managing Director of Genex (DOB 10 Jan 53) (individual) [FRYM]
- BRADFIELD MARITIME CORPORATION INC., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- BREGA INTERNATIONAL MARKETING COMPANY, Al Nassar Street, P.O. Box 4768, Tripoli, Libya [LIBYA]
- BREGA PETROLEUM MARKETING COMPANY, Alnaser Street, P.O. Box 402, Tripoli, Libya [LIBYA]
- BREGA PETROLEUM MARKETING COMPANY, Azzawiya Km. 50, P.O. Box 402, Tripoli, Libya [LIBYA]
- BREGA PETROLEUM MARKETING COMPANY, P.O. Box 1278, Benghazi, Libya [LIBYA]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

BREGA PETROLEUM MARKETING COMPANY, Sayedi Street, P.O. Box 402, Tripoli, Libya [LIBYA]

BUDISIN, Radmila, General Manager, Legal, BB Browncourt Trading (DOB 3 Mar 44; POB Srobobran) (individual) [FRYM]

BUENDIA CUELLAR, Luis Alfonso, c/o GALAPAGOS S.A., Cali, Colombia; Cedula No. 6044411 (Colombia) (individual) [SDNT]

BUHLER, Bruno, 57 Rue du Rhone, CH-1204 Geneva, Switzerland (individual) [IRAQ]

BUILDING MATERIALS AND REFRACTORIES CORPORATION, P.O. Box 2241, Khartoum, Sudan [SUDAN]

BUITRAGO DE HERRERA, Luz Mery, c/o AGROPECUARIA BETANIA LTDA., Cali, Colombia; c/o AGROPECUARIA Y REFORESTADORA HERREBE LTDA., Cali, Colombia; c/o CONSTRUEXITO S.A., Cali, Colombia; c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL GRAN CRISOL LTDA., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia; c/o INVERSIONES HERREBE LTDA., Cali, Colombia; c/o INVERSIONES INVERVALLE S.A., Cali, Colombia; c/o SOCOVALLE, Cali, Colombia; c/o VALLADARES LTDA., Cali, Colombia; c/o W. HERRERA Y CIA., Cali, Colombia; Cedula No. 29641219 (Colombia) (individual) [SDNT]

BUITRAGO MARIN, Adiel, c/o CONSTRUEXITO S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia (Cedula No. 31137617 (Colombia)) (individual) [SDNT]

BUITRAGO MARIN, Nubia, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (Cedula No. 31132922 (Colombia)) (individual) [SDNT]

BULATOVIC, Momir, Ex-Prime Minister, Federal Republic of Yugoslavia (DOB 21 Sep 56) (individual) [FRYM]

BURGAN INTERNATIONAL, Kuwait [CUBA]

BUSENTI, Marcantonio or Marcello, Via Alatri 14, Rome, Italy (DOB 30 MAY 38) (individual) [LIBYA]

BUSHWESHA, Abdullah (individual) [LIBYA]

C.N.A. PUBLICIDAD LTDA., Calle 74 No. 53-30, Barranquilla, Colombia; NIT #802002664-9 (Colombia) [SDNT]

CABALLERO, Roger Montanes (a.k.a. DOOLEY, Roger Edward; a.k.a. MONTANES, Roger), Panama (individual) [CUBA]

CAICEDO VERGARA, Nohemy (a.k.a. CAICEDO VERGARA, Nohemi), Km. 4 El Final, Buenaventura, Colombia; c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia; Cedula No. 31375185 (Colombia) (individual) [SDNT]

CALDERON RODRIGUEZ, Solange, c/o INMOBILIARIA AURORA LTDA., Cali, Colombia; c/o INVERSIONES SANTA LTDA., Cali, Colombia; c/o SOCIEDAD CONSTRUCTORA LA CASCADA S.A., Cali, Colombia (individual) [SDNT]

CAMACHO RIOS, Jaime, c/o CONSTRUCCIONES ASTRO S.A., Cali, Colombia; (Cedula No. 14950781 (Colombia)) (individual) [SDNT]

CAMALATA, Abilio (see KAMALATA, Abilio Jose Augusto "Numa") (individual) [UNITA]

CAMPO VERDE LTDA., Carrera 54 No. 75-97 piso 2, Barranquilla, Colombia; NIT #800204479-2 (Colombia) [SDNT]

CANDEIA, Anibal Jose Mateus "Kile" (a.k.a. KANDEYA, Amilcar Jose Mateus; a.k.a. KANDEYA, Anibal), UNITA Representative to the United Kingdom; DOB 21 August 1954; POB Dondi, Huambo Province, Angola; Passport No. PSAE/505893 (Ivory Coast) (individual) [UNITA]

CANIPEL S.A. (a.k.a. CANAPEL S.A.), c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]

CARBONICA, S.A., Panama [CUBA]

CARDENAS CASTILLO, Osiel (a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Ociel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS TUILLEN, Oziel; a.k.a. SALINA AGUILAR, Jorge; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]

CARDENAS GILLEN, Osiel (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. ; a.k.a. CARDENAS GUILLEN, Ociel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS TUILLEN, Oziel; a.k.a. SALINA AGUILAR, Jorge; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]

CARDENAS GUILLEN, Ociel (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS TUILLEN, Oziel; a.k.a. SALINA AGUILAR, Jorge; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]

CARDENAS GUILLEN, Oscar (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Ociel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS TUILLEN, Oziel; a.k.a. SALINA AGUILAR, Jorge; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]

- AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]
- CARDENAS GUILLEN, Osiel (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Ociel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS TUILLEN, Osiel; a.k.a. SALINA AGUILAR, Jorge; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]
- CARDENAS GUILLEN, Oziel (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Ociel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS TUILLEN, Osiel; a.k.a. SALINA AGUILAR, Jorge; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]
- CARDENAS GUILLEN, Osiel (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Ociel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS TUILLEN, Osiel; a.k.a. SALINA AGUILAR, Jorge; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]
- CARDENAS TUILLEN, Osiel (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Ociel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS TUILLEN, Osiel; a.k.a. SALINA AGUILAR, Jorge; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]
- CARDONA OCHOA, Carlos Julio, c/o AUREAL INMOBILIARIA LTDA., Bogota, Colombia; c/o GRUPO SANTA LTDA., Cali, Colombia (Cedula No. 7524996 (Colombia)) (individual) [SDNT]
- CARDONA RUEDA, Fernando Ivan, c/o COINTERCOS S.A., Bogota, Colombia; c/o DROGAS LA REBAJA Bogota S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 16607447 (Colombia)) (individual) [SDNT]
- CARIBBEAN HAPPY LINES (a.k.a. CARIBBEAN HAPPY LINES CO.), Panama [CUBA]
- CARIBBEAN HAPPY LINES CO. (a.k.a. CARIBBEAN HAPPY LINES), Panama [CUBA]
- CARIBBEAN PRINCESS SHIPPING LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- CARIBBEAN QUEEN SHIPPING LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- CARIBERIA, S.A., Spain [CUBA]
- CARIBSUGAR INTERNATIONAL TRADERS, S.A., 125-133 Camden High Street, London, NW1 7JR, England [CUBA]
- CARIBSUGAR, S.A., Panama [CUBA]
- CARISUB, S.A., Panama [CUBA]
- CARMONA, Juan Manuel, c/o INVERSIONES ARA LTDA., Cali, Colombia; c/o INVERSIONES RODRIGUEZ ARBELAEZ, Cali, Colombia; c/o INVERSIONES RODRIGUEZ MORENO, Cali, Colombia (individual) [SDNT]
- CARO QUINTERO, Miguel Angel; DOB 9 Mar 1963; POB Mexico (individual) [SDNTK]
- CARO QUINTERO, Rafael (a.k.a. CARO QUINTERO, Raphael), DOB 12 December 1952; alt. DOB 24 November 1955; alt. DOB 24 October 1955; POB Mexico (individual) [SDNTK]
- CARO QUINTERO, Raphael (see CARO QUINTERO, Rafael) (individual) [SDNTK]
- CARO RODRIGUEZ, Gilberto (a.k.a. AREGON, Max; a.k.a. ; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]
- CARRERO BURBANO, Emma Alexandra, c/o DROMARCA Y CIA. S.C.S., Bogota, Colombia; c/o FARMACOP, Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; Cedula No. 52362326 (Colombia) (individual) [SDNT]
- CARRILLO FUENTES, Andres (see CARRILLO FUENTES, Vicente) (individual) [SDNTK]
- CARRILLO FUENTES, Vicente (a.k.a. CARRILLO FUENTES, Andres), DOB 16 October 1962; POB Mexico (individual) [SDNTK]
- CARRILLO QUINTERO, Eugenio, c/o BONOMERCAD S.A., Bogota, Colombia; c/o DECAFARMA S.A., Bogota, Colombia; c/o DISTRIBUIDORA AGROPECUARIA COLOMBIANA S.A., Cali, Colombia; c/o PATENTES MARCAS Y REGISTROS S.A., Bogota, Colombia; c/o SHARPER S.A., Bogota, Colombia; Cedula No. 73094061 (Colombia) (individual) [SDNT]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

CARRILLO SILVA, Armando, c/o GRACADAL S.A., Bogota, Colombia; c/o DROGAS LA REBAJA, Cali, Colombia; c/o INTERAMERICA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o INVERSIONES CAMINO REAL S.A., Cali, Colombia (Cedula No. 16242828 (Colombia)) (individual) [SDNT]

CARRION JIMENEZ, Jose Alonso, c/o BONOMERCAD S.A., Bogota, Colombia; c/o GLAJAN S.A., Bogota, Colombia; c/o SHARPER S.A., Bogota, Colombia; Cedula No. 79000519 (Colombia) (individual) [SDNT]

CARS & CARS LTDA. (a.k.a. CENTRO COMERCIAL DEL AUTOMOVIL; a.k.a. COMERCIALIZADORA INTEGRAL LTDA.; a.k.a. PROYECTO CARS & CARS), Avenida Roosevelt entre carreras 38 y 38A esquinas, Cali, Colombia [SDNT]

CARVAJAL SUAREZ, Luz Mary, c/o DISMERCOOP, Cali, Colombia (Cedula No. 24626230 (Colombia)) (individual) [SDNT]

CASA DE CUBA, Mexico; Spain [CUBA]

CASA DEL REPUESTO, Panama City, Panama [CUBA]

CASQUETE VARGAS, Orlando, c/o ALFA PHARMA S.A., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia; c/o LABORATORIOS KRESSFOR, Bogota, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 19270159 (Colombia)) (individual) [SDNT]

CASTAN-EDA BLANCO, Carlos Julio, c/o COSMEPOP, Bogota, Colombia (Cedula No. 79390781 (Colombia)) (individual) [SDNT]

CASTAN-EDA QUINTERO, Luis Alberto, c/o FARMACOOOP, Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o PENTACOOOP LTDA., Bogota, Colombia (Cedula No. 6064977 (Colombia)) (individual) [SDNT]

CASTAN-EDA RAMIREZ, Lorena Constanza, c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o PENTACOOOP LTDA., Bogota, Colombia (Cedula No. 52071011 (Colombia)) (individual) [SDNT]

CASTANO ARANGO, Fernando, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia (Cedula No. 14953602 (Colombia)) (individual) [SDNT]

CASTA-O PATIN-O, Maria Janet, c/o CONSTRUVIDA S.A., Cali, Colombia (Cedula No. 31149394 (Colombia)) (individual) [SDNT]

CASTELL, Osvaldo Antonio (VALDEZ), Panama (individual) [CUBA]

CASTELLANOS ALVAREZ TOSTADO, Juan Jose (a.k.a. ALVAREZ TOSTADO, Jose; a.k.a. GONZALEZ, Jose); DOB 27 Aug 1955; POB Mexico (individual) [SDNTK]

CASTRILLON CRUZ, Maria Leonor, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia (individual) [SDNT]

CASTRO ARIAS, Libardo, (a.k.a. ARIAS CASTRO, Libardo), c/o BONOMERCAD S.A., Bogota, Colombia; c/o COMEDICAMENTOS S.A., Bogota, Colombia; c/o DECAFARMA S.A., Bogota, Colombia; c/o GLAJAN S.A., Bogota, Colombia; c/o SHARPER S.A., Bogota, Colombia; Cedula No. 2312291 (Colombia) (individual) [SDNT]

CASTRO DE SANTACRUZ, Amparo, c/o COMERCIALIZACION Y FINANCIACION DE AUTOMOTORES S.A., Cali, Colombia; c/o INMOBILIARIA SAMARIA LTDA., Cali, Colombia; c/o INVERSIONES EL PASO LTDA., Cali, Colombia; c/o INVERSIONES INTEGRAL LTDA., Cali, Colombia; c/o INVERSIONES SANTA LTDA., Cali, Colombia; c/o MIRALUNA LTDA., Cali, Colombia; c/o SAMARIA LTDA., Cali, Colombia; c/o URBANIZACIONES Y CONSTRUCCIONES LTDA. DE CALI, Cali, Colombia; DOB 13 January 1948; alt. DOBs 13 January 1946, 14 April 1959; Passports PE027370 (Colombia), AA429676 (Colombia); Cedula No. 38983611 (Colombia) (individual) [SDNT]

CASTRO VERGARA, Sandra, c/o INVERSIONES EL PEN-ON S.A., Cali, Colombia (Cedula No. 31924082 (Colombia)) (individual) [SDNT]

CAUCALITO LTDA., (f.k.a. GANADERA LTDA.), (f.k.a. GANADERIA), Apartado Aereo 10077, Cali, Colombia; Carrera 4 No. 12-41 of. 1403, Edificio Seguros Bolivar, Cali, Colombia; NIT # 800029160-9 [SDNT]

CAVIEDES CRUZ, Leonardo, Calle 21 Norte No. 3N-84, Cali, Colombia; c/o CAVIEDES DILEO Y CIA S.C.S., Cali, Colombia; c/o INVERSIONES SANTA LTDA., Cali, Colombia; DOB 23 November 1952; Passports AB151486 (Colombia); AC444270 (Colombia), OC444290 (Colombia); Cedula No. 16593470 (Colombia) (individual) [SDNT]

CAVIEDES DILEO Y CIA. S.C.S., Calle 21 Norte No. 3N-64, Cali, Colombia; NIT #800113437-2 (Colombia) [SDNT]

CECOEX, S.A., Panama City, Panama [CUBA]

CENTRAL BANK OF AFGHANISTAN (see DA AFGHANISTAN BANK) [TALIBAN]

CENTRAL BANK OF LIBYA, Al-Fatah Street, P.O. Box 1103, Tripoli, Libya [LIBYA]

CENTRAL BANK OF LIBYA, Benghazi, Libya [LIBYA]

CENTRAL BANK OF LIBYA, Sebha, Libya [LIBYA]

CENTRAL ELECTRICITY AND WATER CORPORATION (see PUBLIC ELECTRICITY AND WATER CORPORATION) [SUDAN]

CESIC, Ranko, (ICTY indictee, Bosnian Serb) (DOB 5 Sep 64; POB Drvar) (individual) [FRYM]

## Ch. V, App. A

## 31 CFR Ch. V (7-1-02 Edition)

- CHACON PACHON, Rodolfo, c/o COSMEPOP, Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR S.A., Bogota, Colombia (Cedula No. 79538033 (Colombia)) (individual) [SDNT]
- CHAMET IMPORT, S.A., Panama [CUBA]
- CHAN, Changtrakul (see CHANG, Chi Fu) (individual) [SDNTK]
- CHANG BARRERO, Pedro Antonio, c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o RADIO UNIDAS FM S.A., Cali, Colombia (Cedula No. 14960909 (Colombia)) (individual) [SDNT]
- CHANG, Chi Fu (a.k.a. CHAN, Changtrakul; a.k.a. CHANG, Shi-Fu; a.k.a. CHANG, Xifu; a.k.a. CHANGTRAKUL, Chan; a.k.a. KHUN SA), DOB 17 February 1933; alt. DOB 7 January 1932; alt. DOB 12 February 1932; POB Burma (individual) [SDNTK]
- CHANG, Ping Yun (a.k.a. KHUN, Saeng); DOB 7 Jan 1940; POB Burma (individual) [SDNTK]
- CHANG, Shi-Fu (see CHANG, Chi Fu) (individual) [SDNTK]
- CHANG, Xifu (see CHANG, Chi Fu) (individual) [SDNTK]
- CHANGTRAKUL, Chan (see CHANG, Chi Fu) (individual) [SDNTK]
- CHAO, Lazaro R., Executive Director, Havana International Bank, 20 Ironmonger Lane, London EC2V 8EY, England (individual) [CUBA]
- CHARALAMBIDES, Kypros, Cyprus (individual) [LIBYA]
- CHARNCHAI, Chiwinnitipanya (see WEI, Hsueh Kang) (individual) [SDNTK]
- CHAVARRO, Hector Fabio, c/o AGROPECUARIA BETANIA LTDA., Cali, Colombia; c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia; c/o VALLADARES LTDA., Cali, Colombia (Cedula No. 16263212 (Colombia)) (individual) [SDNT]
- CHEEWINNITTIPANYA, Prasit (see WEI, Hsueh Kang) (individual) [SDNTK]
- CHEMPETROL INTERNATIONAL (a.k.a. CHEMPETROL), 145, Flat 9, Tower Road, Sliema, Malta [LIBYA]
- CHEMPETROL INTERNATIONAL LTD., 28 Lincoln's Inn Fields, London WC2A 3HH, England [LIBYA]
- CHEMPETROL INTERNATIONAL LTD., 5th Floor, Quality Court, Chancery Lane, London WC2A 1HP, England [LIBYA]
- CHILALA, Odeth Ludovina Baca Joaquim (a.k.a. LUDEVINA, Odeth), President of UNITA's League of Angolan Women (Secretary of Women's Organization for UNITA); DOB 5 August 1959; POB Bela Vista, Huambo Province, Angola (individual) [UNITA]
- CHIVINNITIPANYA, Prasit (see WEI, Hsueh Kang) (individual) [SDNTK]
- CHIWINNITIPANYA, Charnchai (see WEI, Hsueh Kang) (individual) [SDNTK]
- CHOSUNBOHOM (a.k.a. KOREA FOREIGN INSURANCE COMPANY), 1080 Berlin Glinkastrasse 5, Germany [NKOREA]
- CHOSUNBOHOM (a.k.a. KOREA FOREIGN INSURANCE COMPANY), 123, Rue des Tennerolles, 92210 Saint-Cloud, Paris, France [NKOREA]
- CHOSUNBOHOM (a.k.a. KOREA FOREIGN INSURANCE COMPANY), Unt. Batterieweg 35, CH-4008 Basel, Switzerland [NKOREA]
- CIMECO, SRL, Milan, Italy [CUBA]
- CIMEX IBERICA, Spain [CUBA]
- CIMEX, Emerson No. 148 Piso 7, 11570 Mexico, D.F., Mexico [CUBA]
- CIMEX, S.A., Panama [CUBA]
- CIVIL AVIATION AUTHORITY, Sharia El Saidi, Tripoli, Libya [LIBYA]
- CLAUDIA PILAR RODRIGUEZ Y CIA. S.C.S., Calle 17A No. 28A-43, Bogota, Colombia; NIT #830007201-7 (Colombia) [SDNT]
- CLAVIJO GARCIA, Hector Augusto, c/o GANADERIAS DEL VALLE, Cali, Colombia (Cedula No. 16613930 (Colombia)) (individual) [SDNT]
- CLINICA ESPECIALIZADA DEL VALLE S.A., (a.k.a. C.E.V. S.A.), Calle 10 No. 44A-26, Cali, Colombia; Apartado Aereo 32412, Cali, Colombia; Carrera 46 No. 9C-85, Cali, Colombia; Carrera 40 No. 6-50, Of. 1501, Cali, Colombia; NIT # 800134099-6 (Colombia) [SDNT]
- CLUB AMERICA DE CALI (see CORPORACION DEPORTIVA AMERICA) [SDNT]
- CLUB DEPORTIVO AMERICA (see CORPORACION DEPORTIVA AMERICA) [SDNT]
- COBALT REFINERY CO. INC., Fort Saskatchewan, AB, Canada [CUBA]
- COINTERCOS S.A. (a.k.a. CIA. INTER-AMERICANA DE COSMETICOS S.A.; f.k.a. BLAIMAR; f.k.a. LABORATORIOS BLAIMAR DE COLOMBIA S.A.), Apartado Aereo 33248, Bogota, Colombia; Calle 12B No. 27-39, Bogota, Colombia (NIT # 860511578-8) [SDNT]
- COLCERDOS LTDA. (see COLOMBIANA DE CERDOS LTDA.) [SDNT]
- COLL, Gabriel (PRADO), Panama (individual) [CUBA]
- COLLOMBEY REFINERY (a.k.a. RAFFINERIE DU SUD-OUEST; a.k.a. RSO), Collombey, Valais, Switzerland [LIBYA]
- COLOMBIANA DE CERDOS LTDA. (a.k.a. COLCERDOS LTDA.), Km. 3 Via Marsella Parque Industrial, Pereira, Colombia; Apartado Aereo 3786, Pereira, Colombia; NIT #800018928-0 (Colombia) [SDNT]
- COLON, Eduardo (BETANCOURT), Panama (individual) [CUBA]
- COLONY TRADING, S.A., Panama [CUBA]
- COLOR 89.5 FM STEREO, Calle 15N No. 6N-34 piso 15, Edificio Alcazar, Cali, Colombia; Calle 19N No. 2N-29, Cali, Colombia [SDNT]
- COLOR STEREO S.A. (see SONAR F.M. S.A.) [SDNT]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

- COLOR'S S.A. (see SONAR F.M. S.A.) [SDNT]
- COMACHO RODRIGUES, Gilberto (see ARELLANO FELIX, Ramon Eduardo) (individual) [SDNTK]
- COMECARNES LTDA. (see COMERCIALIZADORA DE CARNES LTDA.) [SDNT]
- COMEDICAMENTOS S.A., Transversal 29 No. 39-92, Bogota, Colombia; NIT #830030803-7 (Colombia) [SDNT]
- COMERCIAL CIMEX, S.A., Panama [CUBA]
- COMERCIAL DE NEGOCIOS CLARIDAD Y CIA., Avenida Caracas No. 59-77 of. 201A, 401B y 405B, Bogota, Colombia (NIT # 800080719-0) [SDNT]
- COMERCIAL DE RODAJES Y MAQUINARIA, S.A. (a.k.a. CRYMSA), Jose Lazaro Galdeano 6-6, 28016 Madrid, Spain [CUBA]
- COMERCIAL IBEROAMERICANA, S.A. (a.k.a. COIBA), Spain [CUBA]
- COMERCIAL MURALLA, S.A. (a.k.a. MURALLA, S.A.), Panama City, Panama [CUBA]
- COMERCIALIZACION DE PRODUCTOS VARIOS (a.k.a. COPROVA; a.k.a. COPROVA SARL), Paris, France [CUBA]
- COMERCIALIZACION Y FINANCIACION DE AUTOMOTORES S.A. (a.k.a. COMFIAUTOS S.A.), Carrera 4 No. 11-33 of. 303, Cali, Colombia; Avenida 2N No. 7N-55 of. 609, Cali, Colombia; NIT #800086115-1 (Colombia) [SDNT]
- COMERCIALIZADORA DE CARNES DEL PACIFICO LTDA., Calle 25 No. 8-54, Cali, Colombia [SDNT]
- COMERCIALIZADORA DE CARNES LTDA., (a.k.a. COMECARNES LTDA.), Km. 3 Via Marsella, Pereira, Colombia; NIT #800076369-0 (Colombia) [SDNT]
- COMERCIALIZADORA EXPERTA Y CIA. S. EN C., Avenida Caracas No. 59-77 of. 201A, 401B, 405B y 407B, Bogota, Colombia (NIT # 800075687-3) [SDNT]
- COMERCIALIZADORA OROBANCA (a.k.a. SOCIR S.A.) (a.k.a. Soucir, S.A.), Calle 36A No. 3GN-07 of. 302, Edificio El Parque, Cali, Colombia; Calle 22N No. 5A-75 of. 702, Edificio Via Veneto, Cali, Colombia [SDNT]
- COMFIAUTOS S.A. (see COMERCIALIZACION Y FINANCIACION DE AUTOMOTORES S.A.) [SDNT]
- COMMITTEE FOR THE SAFETY OF THE ROADS (see KACH) [SDT, FTO]
- COMPAGNIE ALGERO-LIBYENNE DE TRANSPORT MARITIME (a.k.a. CALTRAM), 21 Rue des Freres Bouadou, Birmandreis, Algiers, Algeria [LIBYA]
- COMPAN-IA ADMINISTRADORA DE VIVIENDA S.A. (f.k.a. INVERSIONES GEMINIS S.A.), Carrera 40 No. 6-24 of. 402B, Cali, Colombia; Carrera 41 No. 6-15/35, Cali, Colombia; NIT #800032419-1 (Colombia) [SDNT]
- COMPANIA AGROINVERSORA HENAGRO LTDA., Carrera 1 No. 13-08, Cartago, Colombia; Hacienda Coque, Cartago, Colombia; Km. 5 Via Aeropuerto, Cartago, Colombia; NIT #800084326-8 (Colombia) [SDNT]
- COMPANIA DE COALICION DEL COMERCIO DE COREA, S.A., Panama [NKOREA]
- COMPANIA DE IMPORTACION Y EXPORTACION IBERIA (a.k.a. CIMEX), Spain [CUBA]
- COMPANIA FENIX INTERNACIONAL, S.A., Caracas, Venezuela [CUBA]
- COMPANIA PESQUERA INTERNACIONAL, S.A., Panama [CUBA]
- COMPRESSED LEATHER BOARD FIBRE PLANT, Tajoura, Libya [LIBYA]
- COMTECO LTDA., (a.k.a. COMUNICACIONES TECNICAS DE COLOMBIA LIMITADA), Calle 44 Norte No. 2BN-08, Cali, Colombia; Calle 12N No. 9N-58, Cali, Colombia; NIT #800113514-1 (Colombia) [SDNT]
- COMUNICACIONES TECNICAS DE COLOMBIA LIMITADA (see COMTECO LTDA.) [SDNT]
- COMUNICACION VISUAL LTDA., (a.k.a. COMVIS LTDA.), Calle 11 No. 19-44, Cali, Colombia [SDNT]
- COMVIS LTDA. (see COMUNICACION VISUAL LTDA.) [SDNT]
- CONAGE LTDA. (see CONSTRUCCIONES AVENDANO GUTIERREZ Y CIA. LTDA.) [SDNT]
- CONCRETOS CALI S.A., Calle 7 No. 82-65, Cali, Colombia [SDNT]
- CONE S.A. (see CONSTRUCTORA EL NOGAL S.A.) [SDNT]
- CONSTRUCCIONES ASTRO S.A., (f.k.a. SOCIEDAD CONSTRUCTORA LA CASCADA S.A.), (f.k.a. CONSTRUCTORA CASCADA), Apartado Aereo 10077, Cali, Colombia; Calle 1A 62A-120, Cali, Colombia; Calle 1A 62A-120 B2 108, Cali, Colombia; Calle 1A 62A-120 2305, Cali, Colombia; Calle 1A 62A-120 2418, Cali, Colombia; Calle 1A 62A-120 4114, Cali, Colombia; Calle 1A 62A-120 6245, Cali, Colombia; Calle 13 3-22 piso 12 y piso 14, Cali, Colombia; Carrera 4 No. 12-41 of. 1401, Cali, Colombia; Carrera 4 No. 12-41 of. 1402, Edificio Seguros Bolivar, Cali, Colombia; Carrera 4 No. 12-41 of. 1403, Cali, Colombia; Carrera 64 1C-63, Cali, Colombia; Carrera 64 1B-83, Cali, Colombia; NIT # 890307311-4 [SDNT]
- CONSTRUCCIONES AVENDANO GUTIERREZ Y CIA. LTDA., (a.k.a. CONAGE LTDA.), Carrera 71 No. 57-07, Bogota, Colombia; NIT #800211560-0 (Colombia) [SDNT]
- CONSTRUCCIONES COLOMBO-ANDINAS LTDA., Carrera 8 No. 16-79 of. 504, Bogota, Colombia; Calle 29 No. 36-61, Bogota, Colombia; NIT #860505252-8 (Colombia) [SDNT]

- CONSTRUCTORA ALTOS DEL RETIRO LTDA., Carrera 4 No. 86-88, Bogota, Colombia; Carrera 7 No. 72-28 of. 301, Bogota, Colombia; Transversal 3 No. 85-10 apt. 401 Interior 1, Bogota, Colombia (NIT # 890329139-8) [SDNT]
- CONSTRUCTORA CENTRAL DEL VALLE LTDA., (a.k.a. C.C.V. LTDA.), Calle 10 No. 44A-26, Cali, Colombia; NIT # 800144098-1 (Colombia) [SDNT]
- CONSTRUCTORA DIMISA LTDA., Calle 70N No. 14-31, Cali, Colombia [SDNT]
- CONSTRUCTORA E INMOBILIARIA URVALLE CIA. LTDA., Carrera 9 No. 9-49 of. 902, Cali, Colombia; NIT #800094652-7 (Colombia) [SDNT]
- CONSTRUCTORA EL NOGAL S.A. (f.k.a. CONE S.A.; f.k.a. CONSTRUEXITO S.A.), Avenida 2N No. 7N-55 of. 501, Cali, Colombia; Calle 2A No. 65A-110, apto. 501 B3, Cali, Colombia; NIT # 800051378-9 (Colombia) [SDNT]
- CONSTRUCTORA GOPEVA LTDA., Avenida 3A No. 51-15, Cali, Colombia [SDNT]
- CONSTRUCTORA TREMI LTDA., Carrera 1A Oeste No. 68-75, Cali, Colombia [SDNT]
- CONSTRUCTORA UNIVERSAL LTDA., Carrera 50 No. 9B-20 of. 07, Cali, Colombia; Calle 52 No. 28E-30, Cali, Colombia; NIT #800112051-9 (Colombia) [SDNT]
- CONSTRUEXITO S.A. (a.k.a. CONE S.A.), Avenida 2N No. 7N-55 of. 501, Cali, Colombia [SDNT]
- CONSTRUEXITO S.A. (see CONSTRUCTORA EL NOGAL S.A.) [SDNT]
- CONSTRUVIDA S.A., Avenida 2N No. 7N-55 of. 521, Cali, Colombia; Calle 70N No. 14-31, Cali, Colombia; Carrera 68 No. 13B-61 of. 104B, Cali, Colombia (NIT # 800108122-8) [SDNT]
- CONSULTORIA EMPRESARIAL ESPECIALIZADA LTDA., Avenida 2N No. 7N-55 of. 421, Cali, Colombia (NIT # 800109042-1) [SDNT]
- CONTEX, S.A., Panama [CUBA]
- CONTRERAS, Luis C. (see AMEZCUA CONTRERAS, Luis Ignacio) (individual) [SDNTK]
- COOBAR, Hadi N., Manama, Bahrain (individual) [LIBYA]
- COOBAR, Hadi N., Tripoli, Libya (individual) [LIBYA]
- COOPERATIVA MULTIACTIVA DE ADMINISTRACION Y MANEJO ADMACOOOP (see ADMACOOOP) [SDNT]
- COPSERVIR LTDA. (a.k.a. COOPERATIVA MULTIACTIVA DE EMPLEADOS DE DISTRIBUIDORES DE DROGAS COPSERVIR LTDA.; f.k.a. DISTRIBUIDORA DE DROGAS LA REBAJA PRINCIPAL S.A.; f.k.a. DISTRIBUIDORA DE DROGAS LA REBAJA S.A.; f.k.a. DROGAS LA REBAJA), Calle 4 No. 22-24, Bogota, Colombia; Carrera 66A No. 53-47 piso 3, Bogota, Colombia; Carrera 99 No. 46A-10 Bdg 6 y 8, Bogota, Colombia; Calle 10 No. 4-47 piso 19, Cali, Colombia; Calle 14 No. 6-66, Cali, Colombia; Calle 18 No. 121-130 Avenida Can~asgordas Pance, Cali, Colombia; Carrera 10 No. 11-71, Cali, Colombia; Carrera 7 No. 13-132 piso 4, Cali, Colombia; Carrera 7A No. 14-25 piso 2, Cali, Colombia (NIT # 830011670-3) [SDNT]
- COPTRADE COMPANY LIMITED (PHARMACEUTICAL AND CHEMICAL DIVISION), P.O. Box 246, Khartoum, Sudan; Port Sudan, Sudan [SUDAN]
- CORDOBA VALENCIA, Juan Ramon, c/o BONOMERCAD S.A., Bogota, Colombia; c/o PATENTES MARCAS Y REGISTROS S.A., Bogota, Colombia; c/o SHARPER S.A., Bogota, Colombia; Cedula No. 19273511 (Colombia) (individual) [SDNT]
- CORINTHIA GROUP OF COMPANIES, Head Office, 22, Europa Centre, Floriana, Malta [LIBYA]
- CORINTHIA PALACE HOTEL COMPANY LIMITED, De Paula Avenue, Attard, Malta [LIBYA]
- CORPORACION ARGENTINA DE INGENIERIA Y ARQUITECTURA, S.A. (a.k.a. COPIA, S.A.), San Martin 323, 4th Floor, Buenos Aires, Argentina [CUBA]
- CORPORACION CIMEX, S.A., Panama [CUBA]
- CORPORACION DEPORTIVA AMERICA (a.k.a. CLUB AMERICA DE CALI; a.k.a. CLUB DEPORTIVO AMERICA), Carrera 56 No. 2-70, Cali, Colombia; Avenida Guadalupe No. 2-70, Cali, Colombia; Calle 24N No. 5BN-22, Cali, Colombia; Calle 13 Carrera 70, Cali, Colombia; Sede Cascajal, Cali, Colombia; Sede Naranjal, Cali, Colombia; NIT # 890305773-4 (Colombia) [SDNT]
- CORPORACION IBEROAMERICANA DEL COMERCIO (a.k.a. CIDECO), Spain [CUBA]
- CORREA PULGARIN, Ernesto, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia (Cedula No. 2510585 (Colombia)) (individual) [SDNT]
- CORTEZ, Oliverio Abril (see ABRIL CORTEZ, Oliverio) (individual) [SDNT]
- COSMEPOP (a.k.a. COOPERATIVA DE COSMETICOS Y POPULARES COSMEPOP; f.k.a. BLAIMAR; f.k.a. CIA. INTERAMERICANA DE COSMETICOS S.A.; f.k.a. COINTERCOS S.A.; f.k.a. LABORATORIOS BLAIMAR DE COLOMBIA S.A.; f.k.a. LABORATORIOS BLANCO PHARMA S.A.), Calle 12A No. 27-72, Bogota, Colombia; A.A. 55538, Bogota, Colombia; Calle 12B No. 27-37/39, Bogota, Colombia; Calle 26 Sur No. 7-30 Este, Bogota, Colombia; Carrera 99 y 100 No. 46A-10, Bodega 4, Bogota, Colombia; NIT #800251322-5 (Colombia) [SDNT]
- COTEL, Milan, Italy [CUBA]
- CREACIONES DEPORTIVAS WILLINGTON LTDA., Cosmocentro, Local 130, Cali, Colombia; Calle 5 No. 25-65, Cali, Colombia [SDNT]
- CREDIREBAJA S.A., Calle 16 No. 100-88, Cali, Colombia; Calle 19 No. 2-29 of. 3001,



## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

- Cali, Colombia; NIT #805001030-6 (Colombia) [SDNT]
- CRIADERO DE POLLOS EL ROSAL S.A., (f.k.a. INDUSTRIA AVICOLA PALMASECA S.A.), Carrera 61 No. 11-58, Cali, Colombia; Carretera Central via Aeropuerto Palmaseca, Colombia; NIT # 800146749-7 [SDNT]
- CRUZ, Antonio Pedro (REYES), Milan, Italy (individual) [CUBA]
- CRUZ, Juan M. de la, Director, Banco Nacional de Cuba, Dai-Ichi Bldg. 6th Floor, 10-2 Nihombashi, 2-chome, Chuo-ku, Tokyo 103, Japan (individual) [CUBA]
- CRYMSA - ARGENTINA, S.A., Buenos Aires, Argentina [CUBA]
- CUARTES MORALES, Juan Carlos, c/o INVERSIONES Y CONSTRUCCIONES VALLE S.A., Cali, Colombia (Cedula No. 16757375 (Colombia)) (individual) [SDNT]
- CUBACANCUN CIGARS AND GIFT SHOPS, Cancun, Mexico [CUBA]
- CUBAEXPORT, Spain [CUBA]
- CUBAFRUTAS, Spain [CUBA]
- CUBAN CIGARS TRADE, Italy [CUBA]
- CUBANATUR, Baja California 255, Edificio B. Oficina 103, Condesa 06500, Mexico, D.F., Mexico [CUBA]
- CUBATABACO, Spain [CUBA]
- CUECA V., Miguel A., c/o ADMACOOP, Bogota, Colombia; c/o FARMACOP, Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; Cedula No. 11386978 (Colombia) (individual) [SDNT]
- CUECA VILLARAGA, Hernan, c/o DROGAS LA REBAJA Bogota S.A., Bogota, Colombia (Cedula No. 11352426 (Colombia)) (individual) [SDNT]
- CUENCA, Ramon Cesar, Panama [CUBA]
- CUERO MARTINEZ, Otalvaro, c/o ALKALA ASOCIADOS S.A., Cali, Colombia; c/o INVHERESA S.A., Cali, Colombia; Cedula No. 16599979 (Colombia) (individual) [SDNT]
- CUJAR DE FORERO, Claudia, c/o BONOMERCAD S.A., Bogota, Colombia; c/o DISTRIBUIDORA AGROPECUARIA COLOMBIANA S.A., Cali, Colombia; Cedula No. 20198740 (Colombia) (individual) [SDNT]
- CULZAT LUGSIR, Rafael Alberto, Calle 7 Oeste No. 2-228, Cali, Colombia; Transversal 3 No. 86-73, Bogota, Colombia; c/o CONSTRUCTORA ALTOS DEL RETIRO LTDA., Bogota, Colombia; c/o INVERSIONES CULZAT GUEVARA Y CIA. S.C.S., Cali, Colombia (DOB 23 October 1940; Passport No. P551220 (Colombia); Cedula No. 14962523 (Colombia)) (individual) [SDNT]
- CUMEXINT, S.A., 1649 Adolfo Prieto, Colonia del Valle, Mexico City, Mexico [CUBA]
- CUREF METAL PROCESSING BV, Boezembolcht 23, Rotterdam, Netherlands [CUBA]
- CVETANOVIC, Ninoslav, General Director, RUDARSKO; Executive of Bor Mining (DOB 1940) (individual) [FRYM]
- D'CACHE S.A., Calle 25N No. 3AN-39, Cali, Colombia; NIT #800149284-8 (Colombia) [SDNT]
- D'ELCON S.A. (see DISTRIBUIDORA DE ELEMENTOS PARA LA CONSTRUCCION S.A.) [SDNT]
- DA AFGHANISTAN BANK (a.k.a. BANK OF AFGHANISTAN; a.k.a. CENTRAL BANK OF AFGHANISTAN; a.k.a. THE AFGHAN STATE BANK), Ibni Sina Wat, Kabul, Afghanistan [TALIBAN]
- DACHALA, Marcial Adriano, UNITA Information Secretary; DOB 11 August 1956; POB Bela Vista, Huambo Province, Angola (individual) [UNITA]
- DAGHIR, Ali Ashour, 2 Western Road, Western Green, Thames Ditton, Surrey, England (individual) [IRAQ]
- DAHAIM, Ayad S., Vali Konagi Cad. No. 10, 80200 Nistantas, Istanbul, Turkey (individual) [LIBYA]
- DALIPI, Tahir, Member of Political Council of Presevo, Medvedja, and Bujanovac (PCPMB) (DOB: 1958; POB: Ilince, Presevo mun., FRY) (individual) [BALKANS]
- DARKAZANLI, Mamoun, Uhlenhorster Weg 34 11, Hamburg, 22085 Germany (DOB 4 Aug 1958; POB Aleppo, Syria; Passport No. 1310636262 (Germany)) (individual) [SDGT]
- DARKAZANLI COMPANY (see MAMOUN DARKAZANLI IMPORT-EXPORT COMPANY) [SDGT]
- DARKAZANLI EXPORT-IMPORT SONDERPOSTEN (see MAMOUN DARKAZANLI IMPORT-EXPORT COMPANY) [SDGT]
- DAZA QUIROGA, Hugo Carlos, c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA MYRAMIREZ S.A., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 19236485 (Colombia)) (individual) [SDNT]
- DAZA RIVERA, Pablo Emilio, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o COLOR 89.5 FM STEREO, Cali, Colombia; c/o DISTRIBUIDORA MYRAMIZEZ S.A., Bogota, Colombia; c/o DROGAS LA REBAJA, Cali, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o INVERSIONES Y CONSTRUCCIONES ABC S.A., Cali, Colombia; c/o LABORATORIOS KRESSFOR, Bogota, Colombia; c/o RIONAP COMERCIO Y REPRESENTACIONES S.A., Quito, Ecuador; Cedula No. 4904545 (Colombia) (individual) [SDNT]
- DE FRANCE, Naomi A., Cubanatur, Baja California 255, Edificio B., Oficina 103, Condesa 06500, Mexico, D.F., Mexico (individual) [CUBA]

- DECACOOP S.A. (see BONOMERCAD S.A.) [SDNT]
- DECAFARMA S.A., Transversal 29 No. 39-92, Bogota, Colombia; NIT #800241240-7 (Colombia) [SDNT]
- DELGADO, Antonio (ARSENIO), Panama (individual) [CUBA]
- DELGADO GUTIERREZ, Luis Alvaro, c/o TAURA S.A., Cali, Colombia; Cedula No. 16718474 (Colombia) (individual) [SDNT]
- DELGADO, Jorge Armando, c/o ALFA PHARMA S.A., Bogota, Colombia; c/o COINTERCOS S.A., Bogota, Colombia; c/o COPSERVIR LTDA., Bogota, Colombia; c/o COSMEPOP, Bogota, Colombia; c/o DISTRIBUIDORA MYRAMIREZ S.A., Bogota, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS BLANCO PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 19354318 (Colombia)) (individual) [SDNT]
- DELVEST HOLDING, S.A. (a.k.a. DELVEST HOLDING COMPANY), Case Postale 236, 10 Bis Rue Du Vieux College 12-11, Geneva, Switzerland [CUBA]
- DEMBO, Antonio Sebastiao, Vice-President of UNITA; DOB 25 August 1944; POB Nambuangongo, Luanda Province, Angola (individual) [UNITA]
- DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE (see DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE—HAWATMEH FACTION) [SDT]
- DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE—HAWATMEH FACTION (a.k.a. DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE, a.k.a. DFLP, a.k.a. RED STAR FORCES, a.k.a. RED STAR BATTALIONS) [SDT]
- DEPOSITO POPULAR DE DROGAS S.A., Carrera 6 No. 24-77, Cali, Colombia [SDNT]
- DERECHO INTEGRAL Y CIA. LTDA., Calle 22N No. 5A-75 piso 5, Cali, Colombia [SDNT]
- DESARROLLO DE PROYECTOS, S.A. (a.k.a. DEPROSA, S.A.), Panama City, Panama [CUBA]
- DESARROLLO INDUSTRIAL CUBANO ESPANOL, S.A. (a.k.a. DICESA), Jose Lazaro Caldeano, 6-6, 28016 Madrid, Spain [CUBA]
- DESARROLLO INDUSTRIAL CUBANO ESPANOL, S.A. (a.k.a. DICESA), Paseo De La Castellana 157, Madrid, Spain [CUBA]
- DESARROLLOS COMERCIALES E INDUSTRIALES HENAO GONZALEZ Y CIA. S.C.S., Carrera 4A No. 16-04 apt. 303, Cartago, Colombia; NIT #800160475-2 (Colombia) [SDNT]
- DESARROLLOS URBANOS "DESARROLLAR" LTDA., (a.k.a. DESARROLLAR LTDA.), Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 890108104-2 (Colombia) [SDNT]
- DEV SOL (see REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT) [FTO]
- DEV SOL ARMED REVOLUTIONARY UNITS (see REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT) [FTO]
- DEV SOL SDB (see REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT) [FTO]
- DEV SOL SILAHLI DEVRIMCI BIRLIKLERI (see REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT) [FTO]
- DEVRIMCI HALK KURTULUS PARTISI-CEPHESI (see REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT) [FTO]
- DEVRIMCI SOL (see REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT) [FTO]
- DFLP (see DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE—HAWATMEH FACTION) [SDT]
- DHKP/C (see REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT)
- DIAGNOSTICENTRO LA GARANTIA (see SERVAUTOS UNO A 1A LIMITADA) [SDNT]
- DIAGROCOL S.A. (see DISTRIBUIDORA AGROPECUARIA COLOMBIANA S.A.) [SDNT]
- DIAZ FAJARDO, Ricardo Javier, c/o COPSERVIR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR S.A., Bogota, Colombia; c/o LABORATORIOS BLANCO PHARMA DE COLOMBIA S.A., Bogota, Colombia; Carrera 45 No. 166-42B B apt. 206, Bogota, Colombia (Cedula No. 79119795 (Colombia)) (individual) [SDNT]
- DIAZ SANCHEZ, Alberto, Carrera 66 No. 5-23, Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (DOB January 1956 ; Cedula No. 16259623 (Colombia)) (individual) [SDNT]
- DIAZ, Manuel, c/o COMERCIAL DE NEGOCIOS CLARIDAD Y CIA., Bogota, Colombia; c/o COMERCIALIZADORA EXPERTA Y CIA. S. EN C., Bogota, Colombia; c/o INMOBILIARIA GALES LTDA, Bogota, Colombia (Cedula No. 396358 (Colombia)) (individual) [SDNT]
- DIAZ, Rolando (GONZALEZ), Frankfurt, Germany (individual) [CUBA]
- DIAZ, Rosa Isabel, c/o INVHERESA, S.A., Cali, Colombia (individual) [SDNT]
- DIKUY BOGDIM (see KACH) [SDT, FTO]
- DISMERCOOP (a.k.a. COOPERATIVA MULTIACTIVA DE EMPLEADOS DE SUPERMERCADOS Y AFINES; f.k.a. DISTRIBUIDORA MIGIL Bogota LTDA.; f.k.a. DISTRIBUIDORA MIGIL CALI S.A.; f.k.a. DISTRIBUIDORA MIGIL LTDA.; f.k.a. GRACADAL S.A.; f.k.a. MIGIL), Calle 5C No. 41-30, Cali, Colombia; Carrera

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

- 26 No. 5B-65, Cali, Colombia; Carrera 30 No. 5-12, Cali, Colombia (NIT # 805003637-5) [SDNT]
- DISTRIBUIDORA AGROPECUARIA COLOMBIANA S.A., (a.k.a. DIAGROCOL S.A.), Avenida 3 Bis Norte No. 23C-69, Cali, Colombia; NIT #805011649-7 (Colombia) [SDNT]
- DISTRIBUIDORA DE DROGAS CONDOR LTDA. (a.k.a. CONDOR), Calle 10 No. 32A-64, Bogota, Colombia; Calle 68 52-05, Bogota, Colombia [SDNT]
- DISTRIBUIDORA DE DROGAS LA REBAJA S.A. (a.k.a. DISTRIBUIDORA DE DROGAS LA REBAJA PRINCIPAL S.A.; a.k.a. DROGAS LA REBAJA), Carrera 99 No. 46 A-10 Blg 6 y 8, Bogota, Colombia; Calle 10 No. 4-47 Piso 19, Cali, Colombia; Calle 14 6-66, Cali, Colombia; Calle 18 121-130, Cali, Colombia; Carrera 10 11-71, Cali, Colombia; Carrera 7 13-132 piso 4, Cali, Colombia; Carrera 7A 14-25 piso 2, Cali, Colombia [SDNT]
- DISTRIBUIDORA DE ELEMENTOS PARA LA CONSTRUCCION S.A. (a.k.a. D'ELCON S.A.), Carrera 23D No. 13B-59, Cali, Colombia; NIT #800117780-2 (Colombia) [SDNT]
- DISTRIBUIDORA MIGIL LTDA. (f.k.a. DISTRIBUIDORA MIGIL Bogota LTDA.; a.k.a. DISTRIBUIDORA MIGIL CALI S.A.; a.k.a. MIGIL), Calle 5C 41-30, Cali, Colombia; Carrera 26 5B-65, Cali, Colombia; Carrera 30-5-12, Cali, Colombia [SDNT]
- DISTRIBUIDORA MYRAMIREZ S.A., Calle 33BN No. 2BN-49 apt. 503A, Cali, Colombia; Carrera 69A No. 49A-49, Bogota, Colombia [SDNT]
- DJAKOVIC, Milan, Director of NIS JUGOPETROL (DOB 5 Oct 37) (individual) [FRYM]
- DOMINGUEZ GARIBELLO (GARIVELLO), Freddy Orlando, c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia (Cedula No. 16659634 (Colombia)) (individual) [SDNT]
- DOMINGUEZ, Carlos, Vinales Tours, Oaxaca 80, Roma, Mexico, D.F., Mexico (individual) [CUBA]
- DOMINGUEZ, Fernando, c/o DISMERCOOP, Cali, Colombia (Cedula No. 16701778 (Colombia)) (individual) [SDNT]
- DOMINION INTERNATIONAL, England [IRAQ]
- DONNEYS GONZALEZ, Federico, c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia (individual) [SDNT]
- DOOLEY, Michael P., Panama (individual) [CUBA]
- DOV (see KACH) [SDT, FTO]
- DROGAS LA REBAJA BARRANQUILLA S.A., Avenida Pedro Heredia, Barranquilla, Colombia; Local Cerete, Barranquilla, Colombia; Local de Riohacha, Barranquilla, Colombia [SDNT]
- DROGAS LA REBAJA BUCARAMANGA S.A., Local No. 1, Bucaramanga, Colombia; Local No. 1, Cucuta, Colombia; Local No. 2, Cucuta, Colombia; Local No. 6, Cucuta, Colombia; Local No. 7, Cucuta, Colombia; Local No. 9, Cucuta, Colombia; Local 201, Valledupar, Colombia [SDNT]
- DROGAS LA REBAJA CALI S.A., Barrio Siloe, Cali, Colombia; Calle 13 #6-85, Cali, Colombia; Calle 3 #4-02 B/Ventura, Cali, Colombia; Local Comuneros No. 20, Cali, Colombia; Local del Poblado No. 17, Cali, Colombia; Santander de Quilichao, Cali, Colombia [SDNT]
- DROGAS LA REBAJA NEIVA S.A., Neiva, Colombia [SDNT]
- DROGAS LA REBAJA PASTO S.A., Calle 18 #26-40, Pasto, Colombia; Local No. 6, Pasto, Colombia; Local No. 13, Puerto Asis, Colombia [SDNT]
- DROGAS LA REBAJA PEREIRA S.A., Local Cajamarca, Pereira, Colombia; Local Dos Quebradas, Pereira, Colombia; Local la Virginia, Pereira, Colombia; Local Santa Rosa de Cabal, Pereira, Colombia [SDNT]
- DROGUERIA FARMAHOGAR (see FARMAHOGAR) [SDNT]
- DROMARCA Y CIA. S.C.S., Calle 39 Bis A No. 27-169, Bogota, Colombia; Calle 12B No. 28-58, Bogota, Colombia; NIT# 800225556-1 (Colombia) [SDNT]
- DRY BATTERY PLANT, Libya [LIBYA]
- DUQUE BOTERO, Jorge Alirio, Calle 5 No. 5A-49, Buenaventura, Colombia; c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia; Cedula No. 616084 (Colombia) (individual) [SDNT]
- DUQUE M., Carmen Lucia, c/o COMEDICAMENTOS S.A., Bogota, Colombia; c/o GLAJAN S.A., Bogota, Colombia; c/o PATENTES MARCAS Y REGISTROS S.A., Bogota, Colombia; Cedula No. 51988916 (Colombia) (individual) [SDNT]
- DUQUE MARTINEZ, Maria Consuelo, c/o FARMACOOOP, Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 41716296 (Colombia)) (individual) [SDNT]
- DUQUE, Carlos Jaen, Panama (individual) [CUBA]
- DURAND PROPERTIES LIMITED, Haven Court, 5 Library Ramp, Gibraltar [IRAQ]
- DURDA, Abu Zayd Umar, Assistant Secretary of Libya's General People's Congress, Libya (individual) [LIBYA]
- DURGACO, London, England [CUBA]
- DUTY FREE SHOPS CORPORATION, P.O. Box 1789, Khartoum, Sudan [SUDAN]
- EAST ISLAND SHIPPING CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- ECHEVERRI, German, Panama (individual) [CUBA]
- ECHEVERRY HERRERA, Hernando, (a.k.a. ECHEVERRI HERRERA, Hernando), c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia;

## Ch. V, App. A

## 31 CFR Ch. V (7-1-02 Edition)

- Cedula No. 1625525 (Colombia) (individual) [SDNT]
- ECHEVERRY TRUJILLO, Martha Lucia, c/o CORPORACION DEPORTIVA AMERICA, Cali, Colombia; c/o M C M Y CIA. LTDA., Cali, Colombia; c/o M.O.C. ECHEVERRY HERMANOS LTDA., Cali, Colombia; c/o REVISTA DEL AMERICA LTDA., Cali, Colombia; Cedula No. 31151067 (Colombia) (individual) [SDNT]
- EDICIONES CUBANAS, Spain [CUBA]
- EDIFICACIONES DEL CARIBE LTDA., (a.k.a. EDIFICAR), Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 890108103-5 (Colombia) [SDNT]
- EDYJU, S.A., Panama [CUBA]
- EGGLETON, Wilfred, Director General, Cubanatur, Baja California 255, Edificio B., Oficina 103, Condesa 06500, Mexico, D.F., Mexico (individual) [CUBA]
- EGP (see SHINING PATH) [FTO]
- EGYPTIAN AL-GAMA'AT AL-ISLAMIYYA (see GAMA'A AL-ISLAMIYYA) [SDT, FTO]
- EGYPTIAN AL-JIHAD (see AL-JIHAD) [SDT, FTO]
- EGYPTIAN AL-JIHAD (see AL-JIHAD) [SDT] [FTO] [SDGT]
- EGYPTIAN ISLAMIC JIHAD (see AL-JIHAD) [SDT, FTO]
- EGYPTIAN ISLAMIC JIHAD (see AL-JIHAD) [SDT] [FTO] [SDGT]
- EJERCITO DE LIBERACION NACIONAL (see NATIONAL LIBERATION ARMY) [FTO]
- EJERCITO GUERRILLERO POPULAR (PEOPLE'S GUERRILLA ARMY) (see SHINING PATH) [FTO]
- EJERCITO POPULAR DE LIBERACION (PEOPLE'S LIBERATION ARMY) (see SHINING PATH) [FTO]
- EL AMIR, Bahjat Fadel, 5 Rowsham Dell, Gifford Park, Milton Keynes Bucks MK14 5JS, England (DOB 1 January 1942) (individual) [LIBYA]
- EL BADRI, Abdullah Salim, Tripoli, Libya (individual) [LIBYA]
- EL BAIDA ROADS AND UTILITIES CO., P.O. Box 232/561, El Baida, Libya [LIBYA]
- EL FATAH AGENCY, P.O. Box 233, Tripoli, Libya [LIBYA]
- EL FERJANI, Abdalla M., Libya (DOB 3 January 1952) (individual) [LIBYA]
- EL-FIGHI, El Hadi M., Jamal Abdunnasser Street, P.O. Box 262, Nouakchott, Mauritania (individual) [LIBYA]
- EL-FIGHI, El Hadi M., P.O. Box 1114, Diplomatic Area, Manama, Bahrain (individual) [LIBYA]
- EL GHRABLI, Abdudayem, Libya (individual) [LIBYA]
- EL-HOORIE, Ali Saed Bin Ali (a.k.a. AL-HOURI, Ali Saed Bin Ali; a.k.a. EL-HOURI, Ali Saed Bin Ali) (DOB 10 Jul 1965; alt. DOB 11 Jul 1965; POB El Dibabiya, Saudi Arabia; Citizen Saudi Arabia) (individual) [SDGT]
- EL-HOURI, Ali Saed Bin Ali (see EL-HOORIE, Ali Saed Bin Ali) (individual) [SDGT]
- EL HUWEIJ, Mohamed A., Tripoli, Libya (individual) [LIBYA]
- EL KEBIR, Mahmoud I., Libya (DOB 24 December 1948) (individual) [LIBYA]
- EL KHABIR, Abu Hafs el Masry (see ATEF, Muhammad) [SDT]
- EL KHABIR, Abu Hafs el Masry (see ATIF, Muhammad) (individual) [SDT] [SDGT]
- EL-KHALLAS, Kamel, Vali Konagi Cad. No. 10, 80200 Nistantas, Istanbul, Turkey (individual) [LIBYA]
- EL-KHOJA, Mustapha Ali, Saied Ibnu Zeid, Tripoli, Libya (individual) [LIBYA]
- EL-KIB, Abdullatif, Manama, Bahrain (individual) [LIBYA]
- EL-KIB, Abdullatif, Tripoli, Libya (individual) [LIBYA]
- EL MAMOURA FOOD COMPANY, Benghazi, Libya; P.O. Box 15058, Tripoli, Libya; Tripoli, Libya [LIBYA]
- EL NAILI, Smeida El-Hosh, 21 Redlands Drive, Loughton, Milton Keynes Bucks MK5 8EJ, England (DOB 19 February 1944) (individual) [LIBYA]
- EL PASO LTDA. (see MIRALUNA LTDA.) [SDNT]
- ELA (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]
- ELBISHY, Moustafa Ali (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- ELECTRIC WIRES AND CABLES PLANT, Libya [LIBYA]
- ELECTRICAL CONSTRUCTION CO., Delhi, India; Sebha, India; Benghazi, Libya; Misurata, Libya; P.O. Box 5309, Tripoli, Libya [LIBYA]
- ELKHALEGE GENERAL CONSTRUCTION CO., P.O. Box 445, Agedabia, Libya; Benghazi Office, Benghazi, Libya; Sirti Office, P.O. Box 105, Sirti, Libya [LIBYA]
- ELLALAN FORCE (see LIBERATION TIGERS OF TAMIL EELAM) [FTO]
- ELN (see NATIONAL LIBERATION ARMY) [FTO]
- ELSHANI, Gafur, Member of Popular Movement of Kosovo (LPK) (DOB: 29 Mar 1958; POB: Suva Reka, FRY) (individual) [BALKANS]
- EMIRATES AND SUDAN INVESTMENT COMPANY LIMITED, P.O. Box 7036, Khartoum, Sudan; Port Sudan, Sudan [SUDAN]
- EMNUHOOD EST. FOR CONTRACTS, P.O. Box 1380, Benghazi, Libya [LIBYA]
- EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), 1 Place Ville Marie, Suite 3431, Montreal, Canada [CUBA]
- EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), 24 Rue Du Quatre Septembre, Paris, France [CUBA]
- EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), 32 Main Street, Georgetown, Guyana [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Belas Airport, Luanda, Angola [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), c/o Anglo-Caribbean Shipping Co. Ltd., Ibex House, The Minorities, London EC3N 1DY, England [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Calle 29 y Avda Justo Arosemena, Panama City, Panama [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Corrientes 545 Primer Piso, Buenos Aires, Argentina [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Dobrininskaya No. 7, Sec 5, Moscow, Russia [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Frankfurter TOR 8-A, Berlin, Germany [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Grantley Adams Airport, Christ Church, Barbados [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Madrid, Spain [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Melchor Ocampo 469, 5DF Mexico City, Mexico [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Norman Manley International Airport, Kingston, Jamaica [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Parizska 17, Prague, Czech Republic [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Paseo de la Republica 126, Lima, Peru [CUBA]

EMPRESA CUBANA DE AVIACION (a.k.a. CUBANA AIRLINES), Piarco Airport, Port au Prince, Haiti [CUBA]

EMPRESA CUBANA DE PESCADOS Y MARISCOS (a.k.a. CARIBBEAN EXPORT ENTERPRISE; a.k.a. CARIBEX), Moscow, Russia [CUBA]

EMPRESA CUBANA DE PESCADOS Y MARISCOS (a.k.a. CARIBBEAN EXPORT ENTERPRISE; a.k.a. CARIBEX), Milan, Italy [CUBA]

EMPRESA CUBANA DE PESCADOS Y MARISCOS (a.k.a. CARIBBEAN EXPORT ENTERPRISE; a.k.a. CARIBEX), Tokyo, Japan [CUBA]

EMPRESA CUBANA DE PESCADOS Y MARISCOS (a.k.a. CARIBBEAN EXPORT ENTERPRISE; a.k.a. CARIBEX), Downsview, Ontario, Canada [CUBA]

EMPRESA CUBANA DE PESCADOS Y MARISCOS (a.k.a. CARIBBEAN EXPORT ENTERPRISE; a.k.a. CARIBEX), Paris, France [CUBA]

EMPRESA CUBANA DE PESCADOS Y MARISCOS (a.k.a. CARIBBEAN EXPORT ENTERPRISE; a.k.a. CARIBEX), Madrid, Spain [CUBA]

EMPRESA CUBANA DE PESCADOS Y MARISCOS (a.k.a. CARIBBEAN EXPORT ENTERPRISE; a.k.a. CARIBEX), Cologne, Germany [CUBA]

EMPRESA DE TURISMO NACIONAL Y INTERNACIONAL (a.k.a. CUBATUR), Buenos Aires, Argentina [CUBA]

ENDSHIRE EXPORT MARKETING, England [IRAQ]

ENGINEERING EQUIPMENT COMPANY, c/o ENGINEERING EQUIPMENT CORPORATION, P.O. Box 97, Khartoum, Sudan [SUDAN]

ENGINEERING EQUIPMENT CORPORATION, P.O. Box 97, Khartoum, Sudan [SUDAN]

EPAMAC SHIPPING CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]

EPANASTATIKI ORGANOSI 17 NOEMVRI (see REVOLUTIONARY ORGANIZATION 17 NOVEMBER) [FTO]

EPANASTATIKOS LAIKOS AGONAS (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]

EPL (see SHINING PATH) [FTO]

ESCOBAR BUITRAGO, Walter, c/o INMOBILIARIA BOLIVAR LTDA., Cali, Colombia; c/o SERVIAUTOS UNO A 1A LIMITADA, Cali, Colombia; DOB 18 Feb 1971; Cedula No. 16785833 (Colombia) (individual) [SDNT]

ESPITIA PERILLA, Ruben Nowerfaby, c/o ADMACOP, Bogota, Colombia; c/o DROMARCA Y CIA. S.C.S., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; Cedula No. 79280623 (Colombia) (individual) [SDNT]

ESTRADA RAMIREZ, Jose Arnoldo, Calle 39 No. 1H-31, Cali, Colombia; Carrera 1H No. 39-56, Cali, Colombia; c/o CLINICA ESPECIALIZADA DEL VALLE S.A., Cali, Colombia; c/o CONSTRUCTORA CENTRAL DEL VALLE LTDA., Cali, Colombia; c/o HIELO CRISTAL Y REFRIGERACION LTDA., Cali, Colombia; c/o INVERSIONES JAER LTDA., Cali, Colombia; c/o INVERSIONES SAN JOSE LTDA., Cali, Colombia; c/o MARIN ESTRADA Y CIA S. EN C.S., Cali, Colombia; c/o PARQUE INDUSTRIAL LAS DELICIAS LTDA., Cali, Colombia; DOB 14 July 1947; Cedula No. 16200018 (Colombia) (individual) [SDNT]

ETA (see BASQUE FATHERLAND AND LIBERTY) [FTO]

ETCO INTERNATIONAL COMMODITIES LTD., Devonshire House, 1 Devonshire Street, London, England [CUBA]

ETCO INTERNATIONAL COMPANY, LIMITED, Kawabe Building, 1-5 Kanda Nishiki-Cho, Chiyoda-Ku, Tokyo, Japan [CUBA]

EUROMAC EUROPEAN MANUFACTURER CENTER SRL, Via Ampere 5, 20052 Monza, Italy [IRAQ]

## Ch. V, App. A

## 31 CFR Ch. V (7-1-02 Edition)

- EUROMAC TRANSPORTI INTERNATIONAL SRL, Via Ampere 5, 20052 Monza, Italy [IRAQ]
- EUROMAC, LTD., 4 Bishops Avenue, Northwood, Middlesex, England [IRAQ]
- EUZKADI TA ASKATASUNA (see BASQUE FATHERLAND AND LIBERTY) [FTO]
- EXAGAN (see EXPLOTACIONES AGRICOLAS Y GANADERAS LA LORENA S.C.S.) [SDNT]
- EXPLORATION AND PRODUCTION AUTHORITY (SUDAN), Kuwait Building, Nile Avenue, Khartoum, Sudan; P.O. Box 2986, Khartoum, Sudan [SUDAN]
- EXPORT CAFE LTDA., Carrera 7 No. 11-22 of. 413, Cali, Colombia [SDNT]
- EXPLOTACIONES AGRICOLAS Y GANADERAS LA LORENA S.C.S., (a.k.a. EXAGAN), Calle 5 No. 22-39 of. 205, Cali, Colombia; Calle 52 No. 28E-30, Cali, Colombia; NIT #800083192-3 (Colombia) [SDNT]
- EXPORTADORA DEL CARIBE, Medira, Mexico [CUBA]
- F.A. PETROLI S.P.A., Italy [LIBYA]
- FABRO INVESTMENT, INC., Panama [CUBA]
- FACOBATA, Panama [CUBA]
- FADHIL, Mustafa Mohamed (a.k.a. ELBISHY, Moustafa Ali; a.k.a. MOHAMMED, Mustafa; a.k.a. FAZUL, Mustafa; a.k.a. HUSSEIN; a.k.a. ALI, Hassan; a.k.a. FADIL, Mustafa Muhammad; a.k.a. AL MASRI, Abd Al Wakil; a.k.a. ANIS, Abu; a.k.a. YUSSRR, Abu; a.k.a. ALI, Hassan; a.k.a. MAN, Nu; a.k.a. KHALID; a.k.a. JIHAD, Abu; a.k.a. AL-NUBI, Abu) (DOB 23 Jun 1976; POB Cairo, Egypt; Citizen Egypt; alt. Citizen Kenya; Kenyan ID No. 12773667; Serial No. 201735161) (individual) [SDGT]
- FADIL, Mustafa Muhammad (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- FADLALLAH, Shaykh Muhammad Husayn, Leading Ideological Figure of HIZBALLAH (DOB 1938 or 1936, POB Najf Al Ashraf (Najaf), Iraq) (individual) [SDT]
- FALCON SYSTEMS, England [IRAQ]
- FAMESA INTERNATIONAL, S.A., Panama [CUBA]
- FARAG, Hamdi Ahmad (see AHMAD, Tariq Anwar al-Sayyid) (individual) [SDGT]
- FARAJ, Samal Majid, Minister of Planning, Iraq (individual) [IRAQ]
- FARALLONES STEREO 91.5 FM, Calle 15N No. 6N-34 piso 15, Edificio Alcazar, Cali, Colombia [SDNT]
- FARC (see REVOLUTIONARY ARMED FORCES OF COLOMBIA) [FTO]
- FARMACOOOP (a.k.a. COOPERATIVA MULTIACTIVA DE COMERCIALIZACION Y SERVICIOS FARMACOOOP; f.k.a. LABORATORIOS KRESSFOR DE COLOMBIA S.A.), A.A. 18491, Bogota, Colombia; Calle 16 No. 28A-51, Bogota, Colombia; Calle 16 No. 28A-57, Bogota, Colombia; Calle 17A No. 28-43, Bogota, Colombia; Calle 17A No. 28A-43, Bogota, Colombia (NIT # 830010878-3) [SDNT]
- FARMAHOGAR (a.k.a. DROGUERIA FARMAHOGAR; a.k.a. FARMAHOGAR COPSERVIR 19), Carrera 7 No. 118-38, Bogota, Colombia; Avenida 7 No. 118-46, Bogota, Colombia; NIT #830011670-3 (Colombia) [SDNT]
- FARMAHOGAR COPSERVIR 19 (see FARMAHOGAR) [SDNT]
- FARMATODO S.A., Diagonal 17 No. 28A-39, Bogota, Colombia; Diagonal 17 No. 28A-80, Bogota, Colombia [SDNT]
- FARMERS BANK FOR INVESTMENT & RURAL DEVELOPMENT, Khartoum, Sudan [SUDAN]
- FARTRADE HOLDINGS S.A., Switzerland [IRAQ]
- FATAH REVOLUTIONARY COUNCIL (see ABU NIDAL ORGANIZATION) [SDT, FTO]
- FATHI, Amr Al-Fatih (see AHMAD, Tariq Anwar al-Sayyid) (individual) [SDGT]
- FATTAH, Jum'a Abdul, P.O. Box 1318, Amman, Jordan (individual) [IRAQ]
- FAZANI, Juma, Secretary of Arab Unity of the Government of Libya, Libya (individual) [LIBYA]
- FAZUL, Abdalla (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- FAZUL, Abdallah (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- FAZUL, Abdallah Mohammed (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- FAZUL, Haroon (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- FAZUL, Harun (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]
- FAZUL, Mustafa (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- FERJANI, A.S.A., Tripoli, Libya (individual) [LIBYA]
- FERNANDEZ LUNA, Tiberio, c/o COPSERVIR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR S.A., Bogota, Colombia; c/o LABORATORIOS BLANCO PHARMA DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 93286690 (Colombia)) (individual) [SDNT]
- FIDUSER LTDA., Calle 12A No. 27-72, Bogota, Colombia; NIT #830013160-8 (Colombia) [SDNT]
- FIESTA STEREO 91.5 F.M. (see SONAR F.M. E.U. DIETER MURRLE) [SDNT]
- FIGUEROA DE BRUSATIN, Dacier, c/o INVERSIONES EL GRAN CRISOL LTDA., Cali, Colombia; c/o W. HERRERA Y CIA. S. EN C., Cali, Colombia; Cedula No. 29076093 (Colombia) (individual) [SDNT]
- FLEXOEMPAQUES LTDA. (f.k.a. PLASTICOS CONDOR LTDA.), Carrera 13 No. 16-62, Cali, Colombia (NIT # 800044167-2) [SDNT]
- FLIGHT DRAGON SHIPPING LTD., c/o ANGLO-CARIBBEAN SHIPPING CO. LTD., 4th Floor, South Phase 2, South Quay Plaza II, 183, March Wall, London, England [CUBA]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

FOLLOWERS OF THE PROPHET MUHAMMED (see HIZBALLAH) [SDT, FTO]

FOMEQUE BLANCO, Amparo, Mz. 21 Casa 5 Barrio San Fernando, Pereira, Colombia; c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia; Cedula No. 31206092 (Colombia) (individual) [SDNT]

FOMEQUE CAMPO, Deicy, (a.k.a. FOMEQUE CAMPO, Daysy), Avenida 4N No. 10N-100, Cali, Colombia; c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia; Cedula No. 38650034 (Colombia) (individual) [SDNT]

FOOD INDUSTRIES CORPORATION, P.O. Box 2341, Khartoum, Sudan [SUDAN]

"FOOPIE" (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]

FOOTWEAR PLANT, Misurata, Libya [LIBYA]

FOREFRONT OF THE IDEA (see KACH) [SDT, FTO]

FORERO FERNANDEZ, Alberto Mario, c/o HAPPY DAYS S. de H., Barranquilla, Colombia; Cedula No. 8715143 (Colombia) (individual) [SDNT]

FRIENDSHIP SPINNING FACTORY, Hassaheisa, Sudan [SUDAN]

FRUNI TRADING CO., c/o MELFI MARINE CORPORATION S.A., Oficina 7, Edificio Senorial, Calle 50, Apartado 31, Panama City 5, Panama [CUBA]

FUENTES, Fernando (COBA), Cozumel, Mexico (individual) [CUBA]

FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA (see REVOLUTIONARY ARMED FORCES OF COLOMBIA) [FTO]

"FUPT" (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]

FUSTAR, Dragan, (ICTY indictee, Bosnian Serb) (DOB 28 Mar 56) (individual) [FRYM]

GAJIC-MILOSEVIC, Milica, daughter-in-law of Slobodan Milosevic (DOB 1970) (individual) [FRYM]

GALAPAGOS S.A., Calle 24N No. 6AN-15, Cali, Colombia; Carrera 115 No. 16B-121, Cali, Colombia; NIT # 800183712-2 (Colombia) [SDNT]

GALAX TRADING CO., LTD. (a.k.a. GALAX INC.), 5250 Ferrier Street, Montreal, Quebec, Canada [CUBA]

GALINDO HERRERA, Diana Paola, c/o COMERCIAL DE NEGOCIOS CLARIDAD Y CIA., Bogota, Colombia; c/o COMERCIALIZADORA EXPERTA Y CIA. S. EN C., Bogota, Colombia; c/o INMOBILIARIA GALES LTDA., Bogota, Colombia; c/o AGROPECUARIA Y REFORESTADORA HERREBE LTDA., Cali, Colombia; c/o CONSTRUEXITO S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INVERSIONES HERREBE LTDA., Cali, Colombia (individual) [SDNT]

GALINDO HERRERA, Diego Alexander, c/o COMERCIAL DE NEGOCIOS CLARIDAD Y CIA., Bogota, Colombia; c/o COMERCIALIZADORA EXPERTA Y CIA. S. EN C., Bogota, Colombia; c/o INMOBILIARIA GALES LTDA., Bogota, Colombia; c/o AGROPECUARIA Y REFORESTADORA HERREBE LTDA., Cali, Colombia; c/o CONSTRUEXITO S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; Carrera 4C No. 53-40 apt. 307, Cali, Colombia (Cedula No. 16245188 (Colombia)) (individual) [SDNT]

GALLEGO BERRIO, Elizabeth, c/o CONCRETOS CALI S.A., Cali, Colombia (Cedula No. 34529671 (Colombia)) (individual) [SDNT]

GALLEGO SANCHEZ, Isaac, c/o DISMERCOOP, Cali, Colombia; c/o GRACADAL S.A., Cali, Colombia (Cedula No. 6457399 (Colombia)) (individual) [SDNT]

GALLEGO SOSSA, Rosa Esperanza, Calle 24AN No. 42BN-61, Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia (Cedula No. 43059188 (Colombia)) (individual) [SDNT]

GALLO IMPORT, Panama [CUBA]

GALOVIC, Predrag, General Manager of Jugobanka AD; ex-Assistant Minister for the Economy, Federal Republic of Yugoslavia (individual) [FRYM]

GAMA'AL-ISLAMIYYA (a.k.a. ISLAMIC GROUP; a.k.a. IG; a.k.a. AL-GAMA'AT; a.k.a. ISLAMIC GAMA'AT; a.k.a. EGYPTIAN AL-GAMA'AT AL-ISLAMIYYA; a.k.a. GI) [SDT, FTO]

GAMBA SANCHEZ, Fernando, c/o DISTRIBUIDORA DE DROGAS CONDOR S.A., Bogota, Colombia (Cedula No. 19494919 (Colombia)) (individual) [SDNT]

GAMOENNS CONTRACTS AND UTILITIES EST., P.O. Box 3038, Benghazi, Libya [LIBYA]

GANADERA LTDA. (a.k.a. GANADERIA), Carrera 4 12-41 piso 15, Edificio Seguros Bolivar, Cali, Colombia [SDNT]

GANADERIAS DEL VALLE S.A., Avenida 2FN No. 24N-92, Cali, Colombia; Carrera 61 No. 11-58, Cali, Colombia; Carrera 83 No. 6-50, Cali, Colombia (NIT # 800119808-9) [SDNT]

GARABULLI FODDER PLANT, Libya [LIBYA]

- GARAVITO, Doris Amelia, c/o GALAPAGOS S.A., Cali, Colombia; Cedula No. 31233463 (Colombia) (individual) [SDNT]
- GARBAYA, Ahmed (see IZZ-AL-DIN, Hasan) (individual) [SDGT]
- GARCES VARGAS, Elmo, c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia; c/o SOCOVALLE, Cali, Colombia (Cedula No. 16581793 (Colombia)) (individual) [SDNT]
- GARCIA MANTILLA, Edgar Alberto (see GARCIA MONTILLA, Edgar Alberto) (individual) [SDNT]
- GARCIA MOGAR, Edgar (see GARCIA MONTILLA, Edgar Alberto) (individual) [SDNT]
- GARCIA MONTELLA, Edgar Alberto (see GARCIA MONTILLA, Edgar Alberto) (individual) [SDNT]
- GARCIA MONTILLA, Edgar Alberto (a.k.a. GARCIA MANTILLA, Edgar Alberto; a.k.a. GARCIA MOGAR, Edgar; a.k.a. GARCIA MONTELLA, Edgar Alberto), c/o COMERCIALIZACION Y FINANCIACION DE AUTOMOTORES S.A., Cali, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o REVISTA DEL AMERICA LTDA., Cali, Colombia; DOB 28 November 1946; Passports AC365457 (Colombia), PE008603 (Colombia), PO564495 (Colombia), AA294885 (Colombia); Cedula No. 14936775 (Colombia) (individual) [SDNT]
- GARCIA PIZARRO, Gentil Velez, c/o GALAPAGOS S.A., Cali, Colombia; Cedula No. 6616986 (Colombia) (individual) [SDNT]
- GARCIA ROMERO, Audra Yamile, c/o ALKALA ASOCIADOS S.A., Cali, Colombia; c/o INVHERESA S.A., Cali, Colombia; Cedula No. 66765096 (Colombia) (individual) [SDNT]
- GARCIA VARELA, Luis Fernando, c/o TAURA S.A., Cali, Colombia; Cedula No. 16282923 (Colombia) (individual) [SDNT]
- GARCIA, Daniel, Manager, Promociones Artisticas (PROARTE), Avenida Insurgentes Sur No. 421, Bloque B Despacho 404, C.P. 06100, Mexico, D.F., Mexico (individual) [CUBA]
- GARCIA, Freddy (Fredy), c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia (individual) [SDNT]
- GARZON HERNANDEZ, Rodrigo, c/o DROGAS LA REBAJA, Cali, Colombia (individual) [SDNT]
- GARZON RESTREPO, Juan Leonardo, c/o ALFA PHARMA S.A., Bogota, Colombia; c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o PENTACOOP LTDA., Bogota, Colombia; c/o VALORES MOBILIARIOS DE OCCIDENTE S.A., Bogota, Colombia; Diagonal 53 No. 38A-20 apt. 103, Bogota, Colombia; c/o DISTRIBUIDORA MYRAMIREZ S.A., Cali, Colombia; c/o DROGAS LA REBAJA, Cali, Colombia; c/o INVERSIONES ARA LTDA., Cali, Colombia; Carrera 7P No. 76-90, Cali, Colombia (DOB 14 January 1962; Cedula No. 16663709 (Colombia)) (individual) [SDNT]
- GASHI, Sabit, Member of National Movement for the Liberation of Kosovo (LKCK) (DOB: 30 Dec 1967; POB: Suva Reka, FRY) (individual) [BALKANS]
- GATO, Armindo Lukamba "Gato" (see PAULO, Armindo Lucas "Gato") (individual) [UNITA]
- GATO, Paulo Lukamba (see PAULO, Armindo Lucas "Gato") (individual) [UNITA]
- GAVIRIA POSADA, Gilberto, c/o ALFA PHARMA S.A., Bogota, Colombia; c/o BLANCO PHARMA S.A., Bogota, Colombia (Cedula No. 16593492 (Colombia)) (individual) [SDNT]
- GEMEX AUSSENHANDELS GMBH, Hanauer Landstr. 126-128, D-6000, Frankfurt am Main 1, Germany [CUBA]
- GENERAL ARAB AFRICAN ENTERPRISE (a.k.a. GAAC; a.k.a. GAAE; a.k.a. GENERAL ARAB AFRICAN COMPANY), P.O. box 8059, 219 Mohammed El Megarief Street, Tripoli, Libya [LIBYA]
- GENERAL ARAB AFRICAN ENTERPRISE (a.k.a. GAAC; a.k.a. GAAE; a.k.a. GENERAL ARAB AFRICAN COMPANY), Nasser Street, Benghazi, Libya [LIBYA]
- GENERAL CATERING CORPORATION, P.O. Box 491, Tripoli, Libya [LIBYA]
- GENERAL CLEANING COMPANY, P.O. Box 920, Tripoli, Libya [LIBYA]
- GENERAL CO. FOR AGRICULTURAL MACHINERY AND NECESSITIES, Alziraia, Libya; Benghazi Office, P.O. Box 2094, Benghazi, Libya; Sebha, Libya; P.O. Box 324, Tripoli, Libya; Zawia, Libya [LIBYA]
- GENERAL CO. FOR AGRICULTURAL PROJECTS, P.O. Box 265, Gharian, Libya; P.O. Box 2284, Tripoli, Libya [LIBYA]
- GENERAL CO. FOR CERAMIC AND GLASS PRODUCTS, Aziza, Amiri Bldg, Suani Ben Adam, P.O. Box 12581, Dhara-Tripoli, Libya [LIBYA]
- GENERAL CO. FOR CIVIL WORKS, P.O. Box 1299, Benghazi, Libya; P.O. Box 3306, Tripoli, Libya [LIBYA]
- GENERAL CO. FOR CONSTRUCTION AND EDUCATIONAL BUILDINGS, P.O. Box 4087, Benghazi, Libya; P.O. Box 1186, Tripoli, Libya [LIBYA]
- GENERAL CO. FOR ELECTRIC WIRES AND PRODUCTS, P.O. Box 1177, Benghazi, Libya; P.O. Box 12629, Tripoli, Libya [LIBYA]



GENERAL CO. FOR LAND RECLAMATION, P.O. Box 307, Souani Road, Tripoli, Libya [LIBYA]

GENERAL CO. FOR LEATHER PRODUCTS AND MANUFACTURE, P.O. Box 152, Benghazi, Libya; P.O. Box 2319, Tripoli, Libya [LIBYA]

GENERAL CO. FOR MARKETING AND AGRICULTURAL PRODUCTION, P.O. Box 4251, Benghazi, Libya; P.O. Box 2897, Hadba Al Khadra, Tripoli, Libya [LIBYA]

GENERAL CO. FOR TEXTILES, P.O. Box 1816, Benghazi, Libya; P.O. Box 3257, Tripoli, Libya [LIBYA]

GENERAL CO. FOR TOYS AND SPORT EQUIPMENT, P.O. Box 3270, Tripoli, Libya [LIBYA]

GENERAL COMPANY FOR CHEMICAL INDUSTRIES, P.O. Box 100/411, 100/071, Zuara, Libya [LIBYA]

GENERAL CONSTRUCTION COMPANY, Gharian Office, P.O. Box 178, Gharian, Libya; P.O. Box 8636, Tripoli, Libya [LIBYA]

GENERAL CORPORATION FOR PUBLIC TRANSPORT, P.O. Box 9528, Benghazi, Libya; 2175 Sharla Magaryef Tatanaka Bldg, P.O. Box 4875, Tripoli, Libya [LIBYA]

GENERAL DAIRIES AND PRODUCTS CO., Benghazi Factory, Benghazi, Libya; P.O. Box 9118, Benghazi, Libya; Jebel Akhdar Factory, Jebel Akhdar, Libya; Khoms Factory, Khoms, Libya; P.O. Box 5318, Tripoli, Libya; Tripoli Factory, Tripoli, Libya [LIBYA]

GENERAL ELECTRICITY CORPORATION, P.O. Box 3047, Benghazi, Libya; P.O. Box 668, Tripoli, Libya [LIBYA]

GENERAL ELECTRONICS CO., P.O. box 2068, Benghazi, Libya; P.O. Box 12580, Tripoli, Libya [LIBYA]

GENERAL EST. FOR PUBLICATION DISTRIBUTION & ADVERTISING, P.O. Box 113, Beirut, Lebanon [LIBYA]

GENERAL FURNITURE CO., Suani Road, Km. 15, P.O. Box 12655, Tripoli, Libya [LIBYA]

GENERAL LIBYAN CO. FOR ROAD CONSTRUCTION AND MAINTENANCE, P.O. Box 2676, Swani Road, Tripoli, Libya [LIBYA]

GENERAL NATIONAL CO. FOR FLOUR MILLS AND FODDER, Benghazi Office, Gamel Abdumaser Street, P.O. Box 209, Benghazi, Libya; Bab Bin Ghashir, P.O. Box 984, Tripoli, Libya [LIBYA]

GENERAL NATIONAL CO. FOR INDUSTRIAL CONSTRUCTION, Tripoli Branch, P.O. Box 295, Tripoli, Libya; P.O. Box 953, Beida, Libya; Benghazi Branch, Gamal Abd El Naser Street, P.O. Box 9502, Benghazi, Libya [LIBYA]

GENERAL NATIONAL MARITIME TRANSPORT CO. (a.k.a. NATIONAL LINE OF LIBYA, THE), P.O. Box 2450, Benghazi, Libya; P.O. Box 80173, 2 Ahmed Sharif Street, Tripoli, Libya (And at all Libyan ports) [LIBYA]

GENERAL NATIONAL ORGANISATION FOR INDUSTRIALIZATION, P.O. Box 2779, Benghazi, Libya; Shaira Sana'a, P.O. Box 4388, Tripoli, Libya [LIBYA]

GENERAL ORGANISATION FOR TOURISM AND FAIRS, P.O. Box 891, Sharia Haiti, Tripoli, Libya [LIBYA]

GENERAL PAPER AND PRINTING CO., Benghazi, Libya; Sebha, Libya; P.O. Box 8096, Tripoli, Libya [LIBYA]

GENERAL POST AND TELECOMMUNICATIONS CORP., Maidan al Jazair, Tripoli, Libya [LIBYA]

GENERAL RAHILA AUTOMOBILE CO., Libya [LIBYA]

GENERAL TOBACCO COMPANY, Benghazi, Libya; Garian, Libya; Khoms, Libya; Sebha, Libya; Gorji Road Km. 6, P.O. Box 696, Tripoli, Libya; Zavia, Libya [Libya]

GENERAL WATER WELL DRILLING CO., P.O. Box 2532, Benghazi, Libya; P.O. Box 2532, Sharia Omar Muktar, Mormesh Bldg., Tripoli, Libya [LIBYA]

GEZIRA AUTOMOBILE COMPANY (a.k.a. EL GEZIRA AUTOMOBILE COMPANY), P.O. Box 232, Khartoum, Sudan [SUDAN]

GEZIRA TANNERY, Gezira, Sudan [SUDAN]

GEZIRA TRADE & SERVICES COMPANY LIMITED, P.O. Box 215, Khartoum, Sudan; P.O. Box 17, Port Sudan, Sudan; El Obeid, Sudan; Gedarit, Sudan; Juba, Sudan; Kost, Sudan; Sennar, Sudan; Wad Medani, Sudan [SUDAN]

GHADAMSI, Bashir, Italy (individual) [LIBYA]

GHADBAN, Mohammed Mustafa, P.O. Box 452, Fadiel Abu Omar Square, El-Berkha, Benghazi, Libya (individual) [LIBYA]

GHADBAN, Mohammed Mustafa, P.O. Box 4647, Shuhada Square, Tripoli, Libya (individual) [LIBYA]

GHADBAN, Mohammed Mustafa, Vali Konagi Cad. No. 10, 80200 Nistantas, Istanbul, Turkey (individual) [LIBYA]

GHAILANI, Abubakary Khalfan Ahmed (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]

GHAILANI, Ahmed (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]

GHAILANI, Ahmed Khalfan (a.k.a. GHILANI, Ahmad Khalafan; a.k.a. AHMED, Ahmed Khalfan; a.k.a. AHMED, Abubakar K.; a.k.a. AHMED, Abubakar; a.k.a. AHMAD, Abu Bakr; a.k.a. AHMED, A.; a.k.a. KHALFAN, Ahmed; a.k.a. ALI, Ahmed Khalfan; a.k.a. AHMED, Abubakar Khalfan; a.k.a. GHAILANI, Ahmed; a.k.a. AL TANZANI, Ahmad; a.k.a. KHABAR, Abu; a.k.a. BAKR, Abu; a.k.a. GHAILANI, Abubakary Khalfan Ahmed; a.k.a. HUSSEIN, Mahafudh Abubakar Ahmed Abdallah; a.k.a. MOHAMMED, Shariff Omar; a.k.a. "FOOPIE"; a.k.a. "FUPI"; a.k.a. "AHMED THE TANZANIAN") (DOB

Ch. V, App. A

31 CFR Ch. V (7-1-02 Edition)

- 14 Mar 1974; alt. DOB 13 Apr 1974; alt. DOB 14 Apr 1974; alt. DOB 1 Aug 1970; POB Zanzibar, Tanzania; Citizen Tanzania) (individual) [SDGT]
- GHILANI, Ahmad Khalafan (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- GI (see GAMA'A AL-ISLAMIYYA) [SDT, FTO]
- GIA (see ARMED ISLAMIC GROUP) [FTO]
- GIA (see ARMED ISLAMIC GROUP) [FTO] [SDGT]
- GIBRIL, Mustafa Saleh, P.O. Box 3224, Martyr Street, Megrief, Tripoli, Libya (individual) [LIBYA]
- GIL, Josef (a.k.a. GILBERT, Joseph; a.k.a. GILBOA, Joseph; a.k.a. GILBOA, Joseph Papzian; a.k.a. GILBOA, Yosef); DOB 8 Apr 1943; POB Israel (individual) [SDNTK]
- GIL OSORIO, Alfonso, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o SERVICIOS SOCIALES LTDA., Barranquilla, Colombia; DOB 17 December 1946; alt. DOB 17 December 1940; Passports 14949229 (Colombia), 14949279 (Colombia), 14949289 (Colombia), AC342060 (Colombia); Cedula No. 14949279 (Colombia) (individual) [SDNT]
- GILBERT, Joseph (a.k.a. GIL, Josef; a.k.a. GILBOA, Joseph; a.k.a. GILBOA, Joseph Papzian; a.k.a. GILBOA, Yosef); DOB 8 Apr 1943; POB Israel (individual) [SDNTK]
- GILBOA, Joseph (a.k.a. GIL, Josef; a.k.a. GILBERT, Joseph; a.k.a. GILBOA, Joseph Papzian; a.k.a. GILBOA, Yosef); DOB 8 Apr 1943; POB Israel (individual) [SDNTK]
- GILBOA, Joseph Papzian (a.k.a. GIL, Josef; a.k.a. GILBERT, Joseph; a.k.a. GILBOA, Joseph; a.k.a. GILBOA, Yosef); DOB 8 Apr 1943; POB Israel (individual) [SDNTK]
- GILBOA, Yosef (a.k.a. GIL, Josef; a.k.a. GILBERT, Joseph; a.k.a. GILBOA, Joseph; a.k.a. GILBOA, Joseph Papzian); DOB 8 Apr 1943; POB Israel (individual) [SDNTK]
- GILMAN FRANCO, Maria, c/o TAURA S.A., Cali, Colombia; Cedula No. 22103099 (Colombia) (individual) [SDNT]
- GINEID SUGAR FACTORY, P.O. Box 1, Gineid, Sudan [SUDAN]
- GIOVANNI IANORA, D.O.B. June 5, 1943, Via A. Costa 17, Milan, Italy; (individual) [SDN]
- GIRALDO ARBELAEZ, Fernando, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (Cedula No. 16249351 (Colombia)) (individual) [SDNT]
- GIRALDO JARAMILLO, Clara Stella, Avenida 2N No. 19-73 apt. 302, Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia (Cedula No. 31855785 (Colombia)) (individual) [SDNT]
- GIRALDO SARRIA, Octavio, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (individual) [SDNT]
- GIRALDO SARRIA, Rosa Amelia, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (individual) [SDNT]
- GLAJAN S.A., Transversal 29 No. 39-92, Bogota, Colombia; NIT #830023266-2 (Colombia) [SDNT]
- GLOBAL MARINE OVERSEAS, INC., Panama [CUBA]
- GNPOC (see GREATER NILE PETROLEUM OPERATING COMPANY LIMITED) [SUDAN]
- GOLDEN COMET NAVIGATION CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- GOMEZ BELTRAN, Jorge, c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia (Cedula No. 19091811 (Colombia)) (individual) [SDNT]
- GOMEZ BERRIO, Olmes (Holmes) de Jesus, Carrera 1 No. 18-52, Cali, Colombia; c/o INVERSIONES INVERVALLE S.A., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES VALLE S.A., Cali, Colombia (Cedula No. 73105133 (Colombia)) (individual) [SDNT]
- GOMEZ GALINDO, Omaira, Apartado Aereo 38028, Cali, Colombia; Avenida 6N No. 38-90, Cali, Colombia; c/o CONSTRUCTORA GOPEVA LTDA., Cali, Colombia (Cedula No. 31299825 (Colombia)) (individual) [SDNT]
- GOMEZ J., Luis Fernando, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (Cedula No. 16716914 (Colombia)) (individual) [SDNT]
- GOMEZ LOPEZ, Diego Fernando, c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia (individual) [SDNT]
- GOMEZ MORA, Ricardo, c/o INVERSIONES GEELE LTDA., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia (Cedula No. 3249673 (Colombia)) (individual) [SDNT]
- GOMEZ V., Manuel Antonio, c/o GANADERA LTDA., Cali, Colombia (Cedula No. 7921814 (Colombia)) (individual) [SDNT]
- GOMEZ, Julio Humberto, c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia (Cedula No. 19091811 (Colombia)) (individual) [SDNT]
- GONGORA ALARCON, Hernando, c/o TAURA S.A., Cali, Colombia; Cedula No. 19298944 (Colombia) (individual) [SDNT]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

GONZALEZ BENITEZ, Olga Patricia, Hacienda Coque, Cartago, Colombia; Carrera 4 No. 16-04 apt. 303, Cartago, Colombia; c/o AGRICOLA GANADERA HENAO GONZALEZ Y CIA. S.C.S., Cartago, Colombia; c/o DESARROLLOS COMERCIALES E INDUSTRIALES HENAO GONZALEZ Y CIA. S.C.S., Cartago, Colombia; Cedula No. 29503761 (Colombia) (individual) [SDNT]

GONZALEZ, Jose (a.k.a. ALVAREZ TOSTADO, Jose; a.k.a. CASTELLANOS ALVAREZ TOSTADO, Juan Jose); DOB 27 Aug 1955; POB Mexico (individual) [SDNTK]

GONZALEZ QUINTERO, Melba Patricia, c/o COINTERCOS S.A., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR S.A., Bogota, Colombia; c/o FIDUSER LTDA., Bogota, Colombia; Cedula No. 35415232 (Colombia) (individual) [SDNT]

GONZALEZ QUIONES, Jorge (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

GONZALEZ ROBLEDO, Julio Cesar, c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia (Cedula No. 2905977 (Colombia)) (individual) [SDNT]

GONZALEZ, Carlos Alfonso (a.k.a. ALFONSO, Carlos), Panama (individual) [CUBA]

GONZALEZ, Maria Lorena, c/o INVERSIONES Y CONSTRUCCIONES ATLAS LTDA., Cali, Colombia; (Cedula No. 31992548 (Colombia)) (individual) [SDNT]

GRAN COMPANIA DE HOTELES LTDA., (a.k.a. GRANCO), Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 800011606-2 (Colombia) [SDNT]

GREATER NILE PETROLEUM OPERATING COMPANY LIMITED (a.k.a. GNPOC), Hotel Palace, Room 420, El Nil Avenue, Khartoum, Sudan; El Harr Oilfield, Muglad Basin, Sudan; El Nar Oilfield, Muglad Basin, Sudan; El Toor Oilfield, Muglad Basin, Sudan; Heglig Oilfield, Muglad Basin, Sudan; Heglig Processing Facility, Muglad Basin, Sudan; Kaikang Oilfield, Muglad Basin, Sudan; Toma South Oilfield, Muglad Basin, Sudan; Unity Oilfield, Muglad Basin, Sudan; Pipeline, Heglig via El-Obeid to Port Sudan, Sudan; Red Sea Export Terminal, Marsa al-Basha'ir, Sudan [SUDAN]

GRETE SHIPPING CO. S.A., c/o EMPRESA DE NAVEGACION CARIBE, Edificio Lonja del Comercio, Lamparilla 2, Caja Postal 1784, Havana 1, Cuba [CUBA]

GROUP FOR THE PRESERVATION OF THE HOLY SITES, THE (see ISLAMIC ARMY) [SDT]

THE GROUP FOR THE PRESERVATION OF THE HOLY SITES (see AL QA'IDA) [SDT, FTO]

THE GROUP FOR THE PRESERVATION OF THE HOLY SITES (see AL QAIDA) [SDT] [FTO] [SDGT]

GROUPED INDUSTRIES CORPORATION, P.O. Box 2241, Khartoum, Sudan [SUDAN]

GROUPEMENT ISLAMIQUE ARME (see ARMED ISLAMIC GROUP) [FTO]

GROUPEMENT ISLAMIQUE ARME (see ARMED ISLAMIC GROUP) [FTO] [SDGT]

GRUBAN, Momcilo, (ICTY indictee, Bosnian Serb) (DOB 19 Jun 61) (individual) [FRYM]

GRUPO SANTA LTDA., Calle 18 106-98 of. 201/202, Cali, Colombia; Carrera 4 12-41 piso 14 y 15, Edificio Seguros Bolivar, Cali, Colombia; Carrera 84 17-29, Cali, Colombia [SDNT]

GSPC (see SALAFIST GROUP FOR CALL AND COMBAT) [SDGT]

GUACA EXPORT, Panama [CUBA]

GUAMAR SHIPPING CO. S.A., c/o EMPRESA DE NAVEGACION CARIBE, Edificio Lonja del Comercio, Lamparilla 2, Caja Postal 1784, Havana 1, Cuba [CUBA]

GUAMATUR, Buenos Aires, Argentina [CUBA]

GUIERREZ LOERA, Jose Luis (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]

GUMAN LOERAL, Joaquin (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]

GUTIERRES CERDAS, Alvaro (a.k.a. GUTIERREZ CERDAS, Alvaro), c/o

- DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia (DOB 9 May 42; Cedula No. 14966562 (Colombia)) (individual) [SDNT]
- GUTIERREZ ARDILA, Eduardo, c/o EXPORT CAFE LTDA., Cali, Colombia (DOB 8 Aug 1958; Cedula No. 16642433 (Colombia)) (individual) [SDNT]
- GUTIERREZ BURAGLIA, German, c/o PENTACOOPT LTDA., Bogota, Colombia (Cedula No. 19439177 (Colombia)) (individual) [SDNT]
- GUTIERREZ CANCINO, Fernando Antonio, c/o ALFA PHARMA S.A., Bogota, Colombia; c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o INVERSIONES GEELE LTDA., Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o CREACIONES DEPORTIVAS WILLINGTON LTDA., Cali, Colombia; c/o SERVICIOS SOCIALES LTDA., Cali, Colombia (DOB 4 December 1941; Cedula No. 6089071 (Colombia)) (individual) [SDNT]
- GUTIERREZ LOZANO, Ana Maria, c/o SERVICIOS SOCIALES LTDA., Barranquilla, Colombia; c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o INVERSIONES GEELE LTDA., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (DOB 1972; Cedula No. 39783954 (Colombia)) (individual) [SDNT]
- GUTIERREZ LOZANO, Juan Pablo, c/o SERVICIOS SOCIALES LTDA., Barranquilla, Colombia; c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o INVERSIONES GEELE LTDA., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (DOB 11 April 1972; Passport AC480604 (Colombia); Cedula No. 79570028 (Colombia)) (individual) [SDNT]
- GUTIERREZ PADILLA, Clara Ines, c/o ADMACOOPT, Bogota, Colombia; c/o DECAFARMA S.A., Bogota, Colombia; c/o FARMACOOPT, Bogota, Colombia; Cedula No. 51583831 (Colombia) (individual) [SDNT]
- GUTIERREZ PARDO, Elvira Patricia, c/o ADMACOOPT, Bogota, Colombia; c/o BONOMERCAD S.A., Bogota, Colombia; c/o COMEDICAMENTOS S.A., Bogota, Colombia; c/o PATENTES MARCAS Y REGISTROS S.A., Bogota, Colombia; Cedula No. 39612308 (Colombia) (individual) [SDNT]
- GUTIERREZ REYES, Jose, Vinales Tours, Oaxaca 80, Roma, Mexico, D.F., Mexico (individual) [CUBA]
- GUZMAN, Achivaldo (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]
- GUZMAN, Archibaldo (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]
- GUZMAN, Aureliano (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]
- GUZMAN, Chapo (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a.













**Ch. V, App. A**

**31 CFR Ch. V (7-1-02 Edition)**

HAPPY DAYS S. de H., Calle 78 No. 53-70, Locales 315 y 316, Barranquilla, Colombia; NIT #802003826-1 (Colombia) [SDNT]

HARADINAJ, Daut, Chief of Staff of Kosovo Protection Corps (KPC) (DOB: 6 Apr 1978; POB: Goldane, FRY) (individual) [BAL-KANS]

HARAKAT AL-MUQAWAMA AL-ISLAMIYA (see HAMAS) [SDT, FTO]

HARAKAT UL-ANSAR (see HARAKAT UL-MUJAHIDEEN) [FTO]

HARAKAT UL-ANSAR (see HARAKAT UL-MUJAHIDIN) [FTO] [SDGT]

HARAKAT UL-MUJAHIDEEN (a.k.a. HUM; a.k.a. HARAKAT UL-ANSAR; a.k.a. HUA; a.k.a. AL-HADID; a.k.a. AL-HADITH; a.k.a. AL-FARAN) [FTO]

HARAKAT UL-MUJAHIDEEN (see HARAKAT UL-MUJAHIDIN) [FTO] [SDGT]

HARAKAT UL-MUJAHIDIN (a.k.a. HARAKAT UL-MUJAHIDEEN; a.k.a. HARAKAT UL-ANSAR; a.k.a. HUA; a.k.a. HUM) [FTO] [SDGT]

HAROON (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]

HAROUN, Fadhil (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]

HARUN (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]

HASANAYN, Nasr Fahmi Nasr (see SALAH, Muhammad) (individual) [SDGT]

HASANI, Khavit, Member of National Liberation Army (NLA) (DOB: 5 May 1957; POB: Tanishec, FYROM) (individual) [BALKANS]

HAVANA INTERNATIONAL BANK, LTD., 20 Ironmonger Lane, London EC2V 8EY, England [CUBA]

HAVANATUR, 54 Rue Richelieu, Paris, France [CUBA]

HAVANATUR, S.A., Hialeah, Florida, U.S.A. [CUBA]

HAVANATUR, S.A., Panama City, Panama [CUBA]

HAVINPEX, S.A. (a.k.a. TRANSOVER, S.A.), Panama City, Panama [CUBA]

HAWATMA, Nayif (a.k.a. HAWATMAH, Nayif; a.k.a. HAWATMEH, Nayif; a.k.a. KHALID, Abu), Secretary General of DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE - HAWATMEH FACTION (DOB 1933) (individual) [SDT]

HAYA, Francisco, Panama (individual) [CUBA]

HAYDEE DE MUN-OZ Y CIA. S. EN C., Avenida 6N No. 23DN-16, Cali, Colombia; Avenida 4N No. 5N-20, Cali, Colombia [SDNT]

HEATH, Noel Timothy (a.k.a. ZAMBA, Noel Heath; a.k.a. ZAMBO, Noel Heath), Cardin Avenue, St. Kitts; DOB 16 December 1949; POB St. Kitts and Nevis; Passport 03574 (Great Britain) (individual) [SDNTK]

HELDFORD DIRECTORS LIMITED, Haven Court, 5 Library Ramp, Gibraltar [IRAQ]

HEMED, Ahmed (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]

HENAO DE SANCHEZ, Hortensia, c/o ALFA PHARMA S.A., Bogota, Colombia (Cedula No. 29013554 (Colombia)) (individual) [SDNT]

HENAO LOPEZ, Alberto (a.k.a. HENAO, Alberto Lopez), c/o ALFA PHARMA S.A., Bogota, Colombia (Cedula No. 2630951 (Colombia)) (individual) [SDNT]

HENAO MONTROYA, Arcangel de Jesus, Hacienda Coque, Cartago, Colombia; Carrera 4 No. 16-04 apt. 303, Cartago, Colombia; c/o AGRICOLA GANADERA HENAO GONZALEZ Y CIA. S.C.S., Cartago, Colombia; c/o COMPANIA AGROINVERSORA HENAGRO LTDA., Cartago, Colombia; c/o DESARROLLOS COMERCIALES E INDUSTRIALES HENAO GONZALEZ Y CIA. S.C.S., Cartago, Colombia; c/o MAQUINARIA TECNICA Y TIERRAS LTDA., Cartago, Colombia; c/o ORGANIZACION EMPRESARIAL A DE J HENAO M E HIJOS Y CIA. S.C.S., Cartago, Colombia; DOB 7 October 1954; Cedula No. 16215230 (Colombia) (individual) [SDNT]

HENAO MONTROYA, Lorena, Calle 52 No. 28E-30, Cali, Colombia; Calle 8 No. 39-79 of. 201, Cali, Colombia; c/o AGROINVERSORA URDINOLA HENAO Y CIA. S.C.S., Cali, Colombia; c/o CONSTRUCTORA UNIVERSAL LTDA., Cali, Colombia; c/o EXPLOTACIONES AGRICOLAS Y GANADERAS LA LORENA S.C.S., Cali, Colombia; c/o INDUSTRIAS AGROPECUARIAS DEL VALLE LTDA., Cali, Colombia; c/o INVERSIONES EL EDEN S.C.S., Cali, Colombia; DOB 9 Oct 1968; Cedula No. 31981533 (Colombia) (individual) [SDNT]

HENAO VDA. DE BOTERO, maria Yolanda, c/o ALFA PHARMA S.A., Bogota, Colombia (Cedula No. 29070489 (Colombia)) (individual) [SDNT]

HENAO, Maria Nohelio, c/o INVHERESA S.A., Cali, Colombia (Cedula No. 26271587 (Colombia)) (individual) [SDNT]

HENIN, Ashraf Refaat Nabith (see MOHAMMED, Khalid Shaikh) (individual) [SDGT]

HERMANN SHIPPING CORP., INC., Panama [CUBA]

HERNANDEZ, Adan (see AMEZCUA CONTRERAS, Jose de Jesus) (individual) [SDNTK]

HERNANDEZ, Alexis Eneilo (CARBALLOSA), Milan, Italy (individual) [CUBA]

HERNANDEZ, Oscar, Mz. 21 Casa 5 Barrio San Fernando, Pereira, Colombia; c/o TAURA S.A., Cali, Colombia; Cedula No. 6157940 (Colombia) (individual) [SDNT]

HERNANDEZ C., Hector Fabio, c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN-ON S.A., Cali, Colombia (Cedula No. 16615804 (Colombia)) (individual) [SDNT]

HERRAN SAAVEDRA, Victor Hugo, c/o GALAPAGOS S.A., Cali, Colombia; Cedula No. 16447166 (Colombia) (individual) [SDNT]

HERRERA BUITRAGO, Alvaro, Avenida 6N No. 25-14, Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia (DOB 10 October 1955; Cedula No. 16258303 (Colombia)) (individual) [SDNT]

HERRERA BUITRAGO, Helmer, (a.k.a. "Pacho"; a.k.a. "H7"), Cali, Colombia (DOB 24 August 1951; alt. DOB 5 July 1951; Passport J287011 (Colombia); Cedula No. 16247821 (Colombia).) (individual) [SDNT]

HERRERA BUITRAGO, Stella, c/o COMERCIAL DE NEGOCIOS CLARIDAD Y CIA., Bogota, Colombia; c/o COMERCIALIZADORA EXPERTA Y CIA. S. EN C., Bogota, Colombia; c/o INMOBILIARIA GALES LTDA., Bogota, Colombia; Avenida 1B Oeste No. 1-44 apt. 602, Medeira Building, Cali, Colombia; c/o AGROPECUARIA Y REFORESTADORA HERREBE LTDA., Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia; c/o INVERSIONES HERREBE LTDA., Cali, Colombia; c/o SOCOVALLE LTDA., Cali, Colombia (DOB 7 October (Year Unknown); Cedula No. 31143871 (Colombia)) (individual) [SDNT]

HERRERA BUITRAGO, Sulay (a.k.a. BUITRAGO, Sulay), c/o AGROPECUARIA Y REFORESTADORA HERREBE LTDA., Cali, Colombia; c/o CONSTRUEXITO S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INVERSIONES HERREBE LTDA., Cali, Colombia (individual) [SDNT]

HERRERA BUITRAGO, William, c/o W. HERRERA Y CIA. S. EN C., Cali, Colombia (DOB 29 November 1964; Passport No. P046550 (Colombia); Cedula No. 16716887 (Colombia)) (individual) [SDNT]

HERRERA INFANTE, Alberto, c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia (Cedula No. 16637518 (Colombia)) (individual) [SDNT]

HERRERA RAMIREZ, Giselle, c/o AGROPECUARIA Y REFORESTADORA HERREBE LTDA., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INVERSIONES HERREBE LTDA., Cali, Colombia (individual) [SDNT]

HERRERA RAMIREZ, Linda Nicolle, c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia (individual) [SDNT]

HERRERA TOBON, Maria Cecilia, c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia (Cedula No. 31397821 (Colombia)) (individual) [SDNT]

HEYWOOD NAVIGATION CORPORATION, c/o MELFI MARINE CORPORATION S.A., Oficina 7, Edificio Senorial, Calle 50, Apartado 31, Panama City 5, Panama [CUBA]

HIELO CRISTAL Y REFRIGERACION LTDA., (a.k.a. CUATRO FRIO), Carrera 8 No. 32-16, Cali, Colombia; Carrera 44A No. 9C-85, Bogota, Colombia; NIT # 890303017-5 (Colombia) [SDNT]

HIGUERA GUERRERO, Ismael; DOB 17 Mar 1961; POB Mexico (individual) [SDNTK]

HIJAZI, Raed M. (see HIJAZI, Riad) (individual) [SDGT]

HIJAZI, Riad (a.k.a. HIJAZI, Raed M.; a.k.a. AL-HAWEN, Abu-Ahmad; a.k.a. AL-MAGHRIBI, Rashid; a.k.a. AL-AMRIKI, Abu-Ahmad; a.k.a. AL-SHAHID, Abu-Ahmad), Jordan (DOB 1968; POB California, U.S.A.; SSN 548-91-5411) (individual) [SDGT]

HIZBALLAH (a.k.a. PARTY OF GOD; a.k.a. ISLAMIC JIHAD; a.k.a. ISLAMIC JIHAD ORGANIZATION; a.k.a. REVOLUTIONARY JUSTICE ORGANIZATION; a.k.a. ORGANIZATION OF THE OPPRESSED ON EARTH; a.k.a. ISLAMIC JIHAD FOR THE LIBERATION OF PALESTINE; a.k.a. ORGANIZATION OF RIGHT AGAINST WRONG; a.k.a. ANSAR ALLAH; a.k.a. FOLLOWERS OF THE PROPHET MUHAMMED) [SDT, FTO]

HOLBORN EUROPA RAFFINERIE GmbH (a.k.a. HER), Moorburger Strasse 16, D-2100 Hamburg 90, Germany [LIBYA]

HOLBORN EUROPA RAFFINERIE GmbH (a.k.a. HER), Rothenbaumchaussee 5, 4th Floor, D-2000 Hamburg 13, Germany [LIBYA]

HOLBORN EUROPEAN MARKETING COMPANY LIMITED (a.k.a. HEMCL), Hofplein 33, 3011 AJ Rotterdam, Netherlands [LIBYA]

HOLBORN EUROPEAN MARKETING COMPANY LIMITED (a.k.a. HEMCL), Miranda Court No. 1, Ipirou Street, P.O. Box 897, Larnaca, Cyprus [LIBYA]

HOLBORN INVESTMENT COMPANY LIMITED (a.k.a. HICL), Miranda Court No. 1, Ipirou Street, P.O. Box 897, Larnaca, Cyprus [LIBYA]

HOLGUIN SARRIA, Alvaro, c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DERECHO INTEGRAL Y CIA. LTDA., Cali, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia (Cedula No. 14950269 or 18950260 (Colombia)) (individual) [SDNT]

HOLY WAR BRIGADE (see JAPANESE RED ARMY) [FTO]

HOTEL MILANO DUE, Gzira, Malta [LIBYA]

HOTELES E INMUEBLES DE COLOMBIA LTDA., (a.k.a. HOTINCOL), Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 800013139-3 (Colombia) [SDNT]

- HUA (see HAKARAT UL-MUJAHIDEEN) [FTO]
- HUA (see HAKARAT UL-MUJAHIDIN) [FTO] [SDGT]
- HUM (see HAKARAT UL-MUJAHIDEEN) [FTO]
- HUM (see HAKARAT UL-MUJAHIDIN) [FTO] [SDGT]
- HUNTSLAND NAVIGATION CO. LTD., c/o NIPPON CARIBBEAN SHIPPING CO. LTD., 8th Floor, Tsukiji Hosoda Building, 2-1, Tsukiji 2-chome, Chuo-ku, Tokyo, Japan [CUBA]
- HUNTSVILLE NAVIGATION CO. LTD., c/o NIPPON CARIBBEAN SHIPPING CO. LTD., 8th Floor, Tsukiji Hosoda Building, 2-1, Tsukiji 2-chome, Chuo-ku, Tokyo, Japan [CUBA]
- HUSAIN, Zain Al-Abidin Muhahhad (see ABU ZUBAYDAH) (individual) [SDGT]
- HUSAYN, Zayn al-Abidin Muhammad (see ABU ZUBAYDAH) (individual) [SDGT]
- HUSSEIN (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- HUSSEIN, Mahafudh Abubakar Ahmed Abdallah (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- HUSSEIN, Saddam (a.k.a. HUSAYN, Saddam; a.k.a. HUSSAIN, Saddam), President and Prime Minister, Iraq (DOB 28 April 1937) (individual) [IRAQ]
- HUSSEIN, Udai Saddam, Baghdad, Iraq (individual) [IRAQ]
- I.P.C. INTERNATIONAL LIMITED, England [IRAQ]
- I.P.C. MARKETING LIMITED, England [IRAQ]
- IBANEZ LOPEZ, Raul Alberto, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia; c/o DISTRIBUIDORA DE ELEMENTOS PARA LA CONSTRUCCION S.A., Cali, Colombia; c/o GANADERIAS DEL VALLE S.A., Cali, Colombia; c/o INCOES LTDA., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; Cedula No. 16640123 (Colombia) (individual) [SDNT]
- IBN SHATWAN, Fathi, Secretary of Industry of the Government of Libya, Libya (DOB 1950) (individual) [LIBYA]
- IBRAHIM, Muhammad Ahmad, Secretary of Information, Culture, and Mass Mobilization of the Government of Libya, Libya (individual) [LIBYA]
- IDARRAGA ESCANDON, Herved (Hernet), c/o DISMERCOOP, Cali, Colombia; c/o GRACADAL S.A., Cali, Colombia; Carrera 25A No. 49-73, Cali, Colombia (Cedula No. 16595668 (Colombia)) (individual) [SDNT]
- IDARRAGA ORTIZ, Jaime, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DROGAS LA REBAJA Bogota S.A., Bogota, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o INTERAMERICA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o INVERSIONES CAMINO REAL S.A., Cali, Colombia (Cedula No. 8237011 (Colombia)) (individual) [SDNT]
- IDROBO ZAPATA, Edgar Hernando, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; c/o INVERSIONES EL PEN-ON S.A., Cali, Colombia (Cedula No. 6078860 (Colombia)) (individual) [SDNT]
- IG (see GAMA'A AL-ISLAMIYYA) [SDT, FTO]
- IMPERATORI, Julio A., Managing Director, Havana International Bank, 20 Ironmonger Lane, London EC2V 8EY, England (individual) [CUBA]
- IMPORTADORA Y COMERCIALIZADORA LTDA. (a.k.a. IMCOMER), Avenida 6N y Avenida 4 No. 13N-50 of. 1201, Cali, Colombia (NIT # 800152058-0) [SDNT]
- IMPRISA, S.A., Panama [CUBA]
- IMPRISA, Spain [CUBA]
- IMU (see ISLAMIC MOVEMENT OF UZBEKISTAN) [FTO] [SDGT]
- INDUSTRIA AVICOLA PALMASECA S.A., Carrera 61 No. 11-58, Cali, Colombia; Carretera Central via Aeropuerto Palmaseca, Colombia [SDNT]
- INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., (a.k.a. INPESCA S.A.), Km. 5 El Pinal, Buenaventura, Colombia; Av. Simon Bolivar Km. 5 El Pinal, Buenaventura, Colombia; NIT # 890302172-4 (Colombia) [SDNT]
- INDUSTRIA MADERERA ARCA LTDA., Calle 11 No. 32-47 Bodega 41 Arroyohondo, Cali, Colombia; Calle 32 No. 11-41 Bodega 4 Arroyohondo, Cali, Colombia (NIT # 800122866-7) [SDNT]
- INDUSTRIAL BANK COMPANY FOR TRADE & DEVELOPMENT LIMITED, Khartoum, Sudan [SUDAN]
- INDUSTRIAL BANK OF IRAQ (a.k.a. INDUSTRIAL BANK), Arbil, Iraq; P.O. Box 5825, Al-Jamhourya Street, Baghdad, Iraq; Basrah, Iraq; Hilla, Iraq; Kerbala, Iraq; Kirkuk, Iraq; Mosul, Iraq; Najaf, Iraq; Sulaymania, Iraq [IRAQ]
- INDUSTRIAL DE GESTION DE NEGOCIOS E.U., Calle 5C No. 41-30, Cali, Colombia; NIT # 805005946-5 (Colombia) [SDNT]
- INDUSTRIAL PRODUCTION CORPORATION, P.O. Box 1034, El Gamaa Street, Khartoum, Sudan [SUDAN]
- INDUSTRIAL RESEARCH AND CONSULTANCY INSTITUTE, P.O. Box 268, Khartoum, Sudan [SUDAN]
- INDUSTRIAS AGROPECUARIAS DEL VALLE LTDA., Carrera 50 No. 9B-20 of. 07, Cali, Colombia; Calle 52 No. 28E-30, Cali,

**Office of Foreign Assets Control, Treasury**

**Ch. V, App. A**

- Colombia; NIT #800068160-5 (Colombia) [SDNT]
- INGASSANA HILLS MINES CORPORATION (a.k.a. INGESSANA HILLS MINES CORPORATION), P.O. Box 2241, Khartoum, Sudan; P.O. Box 1108, Khartoum, Sudan [SUDAN]
- INGESSANA HILLS MINES CORPORATION (see INGASSANA HILLS MINES CORPORATION) [SUDAN]
- INMOBILIARIA AURORA LTDA., Avenida Canasgordas con Avenida Guali Casa 35, Cali, Colombia; Carrera 24F Oeste 3-70, Cali, Colombia; Carrera 38A No. 5E-31, Edificio Conquistadores, Cali, Colombia; Carrera 4 12-41 piso 15, Edificio Seguros Bolivar, Cali, Colombia [SDNT]
- INMOBILIARIA BOLIVAR LTDA., Calle 17N No. 6N-28, Cali, Colombia; Calle 24N No. 6N-21, Cali, Colombia (NIT # 890330573-3) [SDNT]
- INMOBILIARIA DEL CARIBE LTDA., Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 890108105-1 (Colombia) [SDNT]
- INMOBILIARIA GALES LTDA., Avenida Caracas No. 59-77, of. 201A, 401B y 405B, Bogota, Colombia (NIT # 800061287-1) [SDNT]
- INMOBILIARIA HOTELERA DEL CARIBE LTDA., (a.k.a. INHOCAR), Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 800012713-7 (Colombia) [SDNT]
- INMOBILIARIA SAMARIA LTDA., Calle 13 3-32 piso 13, Cali, Colombia; Calle 13A 64-50 F201, Cali, Colombia; Calle 18, No. 106-98 of. 201/202, Cali, Colombia; Carrera 4 12-41 piso 15, Edificio Seguros Bolivar, Cali, Colombia [SDNT]
- INMOBILIARIA U.M.V. S.A., Carrera 83 No. 6-50, Edificio Alqueria, Torre C, of. 302, Cali, Colombia [SDNT]
- INSTALACIONES INDUSTRIALES PENINSULARES, Calle 35 No. 498-A, ZP 97, Merida, Mexico [CUBA]
- INSTITUTO NACIONAL DE TURISMO DE CUBA, Spain [CUBA]
- INTERAMERICA DE CONSTRUCCIONES S.A. (f.k.a. ANDINA DE CONSTRUCCIONES S.A.), Calle 12 Norte No. 9N-56, Cali, Colombia (NIT # 800237404-2) [SDNT]
- INTERCONSULT, Panama [CUBA]
- INTERCREDITOS S.A. (a.k.a. INTERCREDITOS Bogota; a.k.a. INTERCREDITOS CALI), Bogota, Colombia; Avenida Roosevelt No. 38-32, piso 2, Cali, Colombia [SDNT]
- INTERNATIONAL COBALT CO. INC., Fort Saskatchewan, AB, Canada [CUBA]
- INTERNATIONAL FRONT FOR FIGHTING JEWS AND CRUSADES (see AL QAIDA) [SDT] [FTO] [SDGT]
- INTERNATIONAL HOLDING COMPANY, Luxembourg Ville, Luxembourg [LIBYA]
- INTERNATIONAL PETROLEUM, S.A. (a.k.a. IPESCO), Colon Free Zone, Panama [CUBA]
- INTERNATIONAL TRANSPORT CORPORATION, Colon Free Zone, Panama [CUBA]
- INTERVENTORIA, CONSULTORIA Y ESTUDIOS LIMITADA INGENIEROS ARQUITECTOS (a.k.a. INCOES), Avenida 6N No. 13N-50 of. 1209, Cali, Colombia (NIT # 800144790-0) [SDNT]
- INVERSIONES AGRICOLAS AVICOLAS Y GANADERAS LA CARMELITA LTDA., Carrera 61 Nos. 11-58 y 11-62, Cali, Colombia (NIT # 800052898-1) [SDNT]
- INVERSIONES ARA LTDA., Avenida 4N 6N-67 of. 601, Cali, Colombia; Avenida 6AN 18-69 1-128, Cali, Colombia; Avenida 6AN 23DN-16 of. 402, Cali, Colombia; Club El Remanso, Jamundi, Colombia [SDNT]
- INVERSIONES ARIO LTDA., Carrera 4 No. 12-41 of. 608 y 701, Cali, Colombia (NIT # 890328888-1) [SDNT]
- INVERSIONES BETANIA LTDA., Avenida 2N No. 7N-55 of. 501, Cali, Colombia; Carrera 53 No. 13-55 apt. 102B, Cali, Colombia [SDNT]
- INVERSIONES BETANIA LTDA. (see SAN MATEO S.A.) [SDNT]
- INVERSIONES BETANIA S.A. (see SAN MATEO S.A.) [SDNT]
- INVERSIONES BOMBAY S.A., (a.k.a. AGROVETERINARIA EL TORO; a.k.a. AGROVETERINARIA EL TORO #2), Transversal 29 No. 39-92, Bogota, Colombia; Calle 12B No. 28-50, Bogota, Colombia; Avenida 3 Bis Norte No. 23CN-69, Cali, Colombia; Calle 7 No. 25-69, Cali, Colombia; NIT #830019226-2 (Colombia) [SDNT]
- INVERSIONES CAMINO REAL S.A., Calle 10 No. 4-47 piso 19, Cali, Colombia [SDNT]
- INVERSIONES CAMINO REAL S.A. (see INVERSIONES Y CONSTRUCCIONES ABC S.A.) (Colombia) [SDNT]
- INVERSIONES CULZAT GUEVARA Y CIA. S.C.S., Avenida 4A Oeste No. 5-107 apt. 401, Cali, Colombia; Avenida 4A Oeste No. 5-187 apt. 401, Cali, Colombia; Avenida 7N No. 23N-39, Cali, Colombia (NIT # 860065523-1) [SDNT]
- INVERSIONES EL EDEN S.C.S., Calle 5 No. 22-39 of. 205, Cali, Colombia; Calle 52 No. 28E-30, Cali, Colombia; NIT #800083195-5 (Colombia) [SDNT]
- INVERSIONES EL GRAN CRISOL LTDA. (f.k.a. W. HERRERA Y CIA. S. EN C.), Avenida 2N 7N-55 of. 501, Cali, Colombia; Carrera 24D Oeste No. 6-237, Cali, Colombia; NIT #800001330-2 (Colombia) [SDNT]
- INVERSIONES EL PASO LTDA. (f.k.a. INVERSIONES NEGROAGRICOLA S.A.), Carrera 4 No. 12-41 of. 1403, Cali, Colombia [SDNT]
- INVERSIONES EL PEN-ON S.A., Avenida 2N, Cali, Colombia [SDNT]
- INVERSIONES GEELE LTDA., Calle 17A No. 28A-23, Bogota, Colombia [SDNT]
- INVERSIONES GEMINIS S.A., Carrera 40 No. 6-24 of. 402B, Cali, Colombia [SDNT]

## Ch. V, App. A

## 31 CFR Ch. V (7-1-02 Edition)

- INVERSIONES GEMINIS S.A. (see COMPAN~IA ADMINISTRADORA DE VIVIENDA S.A.) [SDNT]
- INVERSIONES HERREBE LTDA., Avenida 2N No. 7N-55 of. 501, Cali, Colombia; Carrera 25 No. 4-65, Cali, Colombia [SDNT]
- INVERSIONES HOTELERAS DEL LITORAL LTDA., (a.k.a. INHOTEL), Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 800011604-8 (Colombia) [SDNT]
- INVERSIONES INTEGRAL LTDA., Carrera 4 No. 12-41 of. 1403, 1501 Edificio Seguros Bolivar, Cali, Colombia; Apartado Aereo 10077, Cali, Colombia; NIT #800092770-9 (Colombia) [SDNT]
- INVERSIONES INTEGRAL Y CIA., Calle 16B No. 114-80 Casa 2, Cali, Colombia; Carrera 2 Oeste 5-46 apt/of. 503, Cali, Colombia [SDNT]
- INVERSIONES INVERVALLE S.A. (a.k.a. INVERVALLE), Avenida 2N No. 7N-55 of. 501, Cali, Colombia; Calle 70N No. 14-31, Cali, Colombia [SDNT]
- INVERSIONES INVERVALLE S.A. (see SAN VICENTE S.A.) [SDNT]
- INVERSIONES JAER LTDA., Carrera 7 No. 34-341 Bodega 7, Cali, Colombia; Apartado Aereo 10454, Cali, Colombia; Calle 6A Norte No. 2N-36 of. 436, Cali, Colombia; Carrera 1H No. 39-42, Cali, Colombia; NIT # 890332242-1 (Colombia) [SDNT]
- INVERSIONES LA SEXTA LTDA., Calle 10 No. 4-47 piso 19, Cali, Colombia [SDNT]
- INVERSIONES LUPAMAR, S.A. (a.k.a. LUPAMAR INVESTMENT COMPANY), Panama [CUBA]
- INVERSIONES MIGUEL RODRIGUEZ E HIJO, Avenida 4N 6N-67 of. 601, Cali, Colombia; Avenida 6N 23DN-16 of. 202, 301, 302, 401, 402, Cali, Colombia [SDNT]
- INVERSIONES MOMPAX LTDA. (a.k.a. MOMPAX LTDA.), Calle 10 No. 4-47 piso 19, Cali, Colombia [SDNT]
- INVERSIONES MONDRAGON Y CIA. S.C.S. (f.k.a. MARIELA DE RODRIGUEZ Y CIA. S. EN C.), Calle 12 Norte No. 9N-56/58, Cali, Colombia; NIT #890328152-1 (Colombia) [SDNT]
- INVERSIONES NAMOS Y CIA. LTDA., Carrera 54 No. 75-107, Barranquilla, Colombia; NIT #800182475-7 (Colombia) [SDNT]
- INVERSIONES PRADO TRADE CENTER LTDA., (a.k.a. IPRACARIBE), Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 800236713-9 (Colombia) [SDNT]
- INVERSIONES RODRIGUEZ ARBELAEZ Y CIA. S. EN C., Avenida 4N No. 5N-20, Cali, Colombia; Avenida 6N No. 23D-16 of. 402, Cali, Colombia [SDNT]
- INVERSIONES RODRIGUEZ MORENO Y CIA. S. EN C., Calle 10 No. 4-47, Cali, Colombia [SDNT]
- INVERSIONES RODRIGUEZ RAMIREZ Y CIA. S.C.S.S., Calle 10 No. 4-47 piso 19, Cali, Colombia [SDNT]
- INVERSIONES SAN JOSE LTDA., Carrera 7 No. 34-341, Cali Colombia; Apartado Aereo 10454, Cali, Colombia; Calle 44 No. 1E-135, Cali, Colombia; Calle 44 No. 1E-155, Cali, Colombia; NIT # 800079682-5 (Colombia) [SDNT]
- INVERSIONES SANTA LTDA. (f.k.a. INVERSIONES Y CONSTRUCCIONES SANTA LIMITADA), Calle 13 3-32 piso 14, Cali, Colombia; Calle 5 66B-49 piso 3, Cali, Colombia; Calle 5 Oeste 3A-26 apt/of. 103, 301, 404, 502, 503, Cali, Colombia; Calle 7 Oeste 2548, Cali, Colombia; Calle 9 No. 46-69 Of. 302, Cali, Colombia; Carrera 2 Oeste 5-46 of. 502, Cali, Colombia; Carrera 4 12-41 piso 14, Edificio Seguros Bolivar, Cali, Colombia; Carrera 4 12-41 piso 15, Edificio Seguros Bolivar, Cali, Colombia [SDNT]
- INVERSIONES VILLA PAZ S.A., Avenida 2CN No. 24N-92, Cali, Colombia; Avenida 2DN No. 24-N76, Cali, Colombia; Calle 70N No. 14-31, Cali, Colombia; Carrera 61 No. 11-58, Cali, Colombia (NIT # 800091083-2) [SDNT]
- INVERSIONES Y COMERCIALIZADORA RAMIREZ Y CIA. LTDA., Calle 12N No. 9N-58, Cali, Colombia; Avenida 4 No. 8N-67, Cali, Colombia; NIT #800075600-3 (Colombia) [SDNT]
- INVERSIONES Y CONSTRUCCIONES ABC S.A. (f.k.a. INVERSIONES CAMINO REAL S.A.), Calle 10 No. 4-47 piso 19, Cali, Colombia; Calle 12 Norte No. 9N-56/58, Cali, Colombia; NIT #890325389-4 (Colombia) [SDNT]
- INVERSIONES Y CONSTRUCCIONES ATLAS LTDA., (f.k.a. INVERSIONES MOMPAX LTDA.), (f.k.a. MOMPAX LTDA.), Calle 10 No. 4-47 piso 19, Cali, Colombia; NIT # 800102408-1 [SDNT]
- INVERSIONES Y CONSTRUCCIONES COSMOVALLE LTDA. (a.k.a. COSMOVALLE; f.k.a. COMPAX LTDA.; f.k.a. INVERSIONES Y DISTRIBUCIONES COMPAX LTDA.), Calle 10 No. 4-47 piso 19, Cali, Colombia (NIT # 800102403-5) [SDNT]
- INVERSIONES Y CONSTRUCCIONES VALLE S.A. (a.k.a. INCOVALLE), Avenida 2N No. 7N-55 of. 501, Cali, Colombia [SDNT]
- INVERSIONES Y DISTRIBUCIONES COMPAX LTDA. (a.k.a. COMPAX LTDA.), Calle 10 No. 4-47 piso 19, Cali, Colombia [SDNT]
- INVERVALLE S.A. (see SAN VICENTE S.A.) [SDNT]
- INVESTACAST PRECISION CASTINGS, LTD., 112 City Road, London, England [IRAQ]
- INVHERESA S.A., Avenida 2N No. 7N-55 of. 501, Cali, Colombia; Calle 70N No. 14-31, Cali, Colombia (NIT # 800108121-0) [SDNT]
- INVHERESA S.A. (see ALKALA ASOCIADOS S.A.) [SDNT]
- IRAQ~JORDAN LAND TRANSPORT COMPANY (a.k.a. IJLTC; a.k.a. IRAQI~JORDANIAN LAND TRANSPORT COMPANY; a.k.a. IRAQI~JORDANIAN OVERLAND TRANSPORT COMPANY), P.O. Box 5134, 4th Circle, Jabal, Amman, Jordan [IRAQ]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

IRAQI AIRWAYS, 1211 Avenue of the Americas, New York, New York 10036, U.S.A. [IRAQ]

IRAQI AIRWAYS, 25040 Southfield Road, Southfield, Michigan 48075, U.S.A. [IRAQ]

IRAQI AIRWAYS, 27, Ulica Grojecka, Central Warsaw, Poland [IRAQ]

IRAQI AIRWAYS, 4 Lower Regent Street, London SW1Y 4P, England [IRAQ]

IRAQI AIRWAYS, 5825 W. Sunset Blvd., #218, Los Angeles, California 90028, U.S.A. [IRAQ]

IRAQI AIRWAYS, Abu Dhabi, United Arab Emirates [IRAQ]

IRAQI AIRWAYS, Ankara, Turkey [IRAQ]

IRAQI AIRWAYS, Belgrade, Serbia [IRAQ]

IRAQI AIRWAYS, Building 68, J.F.K. International Airport, Jamaica, New York 11430, U.S.A. [IRAQ]

IRAQI AIRWAYS, Casablanca, Morocco [IRAQ]

IRAQI AIRWAYS, Copenhagen, Denmark [IRAQ]

IRAQI AIRWAYS, General Service Agent, Bangladeshi-Owned Travel Agency, Dhaka, Bangladesh [IRAQ]

IRAQI AIRWAYS, Jianguomenwai Diplomatic Housing Compound, Building 7-1, 5th Floor, Apartment 4, Beijing, People's Republic of China [IRAQ]

IRAQI AIRWAYS, Main Eisenhuttenplatz 26, Frankfurt 6, Germany [IRAQ]

IRAQI AIRWAYS, Moscow, Russia [IRAQ]

IRAQI AIRWAYS, Nekazanka 3, Prague 1, Czech Republic [IRAQ]

IRAQI AIRWAYS, Netherlands [IRAQ]

IRAQI AIRWAYS, Opernring 6, 1010 Wien, Vienna, Austria [IRAQ]

IRAQI AIRWAYS, Prague Airport, Prague, Czech Republic [IRAQ]

IRAQI AIRWAYS, Rio de Janeiro, Brazil [IRAQ]

IRAQI AIRWAYS, Rome, Italy [IRAQ]

IRAQI AIRWAYS, Saddam International Airport, Baghdad, Iraq [IRAQ]

IRAQI AIRWAYS, Sanaa, Yemen Arab Republic [IRAQ]

IRAQI AIRWAYS, Tokyo, Japan [IRAQ]

IRAQI AIRWAYS, Tunis, Tunisia [IRAQ]

IRAQI ALLIED SERVICES LIMITED, England [IRAQ]

IRAQI FREIGHT SERVICES LIMITED, England [IRAQ]

IRAQI REINSURANCE COMPANY, 31-35 Fenchurch Street, London EC3M 3D, England [IRAQ]

IRAQI STATE ENTERPRISE FOR FOODSTUFFS TRADING, P.O. Box 1308, Colombo 3, Sri Lanka [IRAQ]

IRAQI STATE ENTERPRISE FOR FOODSTUFFS TRADING, P.O. Box 2839, Calcutta 700.001, India [IRAQ]

IRAQI STATE ENTERPRISE FOR MARITIME TRANSPORT, Amman, Jordan [IRAQ]

IRAQI STATE ENTERPRISE FOR MARITIME TRANSPORT, Bremen, Germany [IRAQ]

IRAQI TRADE CENTER, Dubai, United Arab Emirates [IRAQ]

IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION (a.k.a. 32 COUNTY SOVEREIGNTY COMMITTEE; a.k.a. 32 COUNTY SOVEREIGNTY MOVEMENT; a.k.a. REAL IRA; a.k.a. REAL IRISH REPUBLICAN ARMY; a.k.a. REAL OGLAIGH NA HEIREANN; a.k.a. RIRA) [FTO]

ISLAMBOULI, Mohammad Shawqi, Military Leader of ISLAMIC GAMA'AT (DOB 15 January 1955, POB Egypt, Passport No. 304555 (Egypt)) (individual) [SDT]

ISLAMIC ARMY (a.k.a. AL-QAIDA; a.k.a. ISLAMIC SALVATION FOUNDATION; a.k.a. THE ISLAMIC ARMY FOR THE LIBERATION OF THE HOLY PLACES; a.k.a. THE WORLD ISLAMIC FRONT FOR JIHAD AGAINST JEWS AND CRUSADERS; a.k.a. THE GROUP FOR THE PRESERVATION OF THE HOLY SITES) [SDT]

ISLAMIC ARMY (see AL QA'IDA) [SDT, FTO]

ISLAMIC ARMY (see AL QAIDA) [SDT] [FTO] [SDGT]

ISLAMIC ARMY FOR THE LIBERATION OF THE HOLY PLACES (see AL QA'IDA) [SDT, FTO]

THE ISLAMIC ARMY FOR THE LIBERATION OF THE HOLY PLACES (see AL QAIDA) [SDT] [FTO] [SDGT]

ISLAMIC ARMY FOR THE LIBERATION OF THE HOLY PLACES, THE (see ISLAMIC ARMY) [SDT]

ISLAMIC ARMY FOR THE LIBERATION OF HOLY SITES (see AL QAIDA) [SDT] [FTO] [SDGT]

ISLAMIC ARMY OF ADEN [SDGT]

ISLAMIC CO-OPERATIVE DEVELOPMENT BANK (a.k.a. ICDB), P.O. Box 62, Khartoum, Sudan [SUDAN]

ISLAMIC GAMA'AT (see GAMA'A AL-ISLAMIYYA) [SDT, FTO]

ISLAMIC GROUP (see GAMA'A AL-ISLAMIYYA) [SDT, FTO]

ISLAMIC JIHAD (see HIZBALLAH) [SDT, FTO]

ISLAMIC JIHAD FOR THE LIBERATION OF PALESTINE (see HIZBALLAH) [SDT, FTO]

ISLAMIC JIHAD IN PALESTINE (see PALESTINE ISLAMIC JIHAD-SHAQAQI FAC-TION) [SDT, FTO]

ISLAMIC JIHAD OF PALESTINE (see PALESTINE ISLAMIC JIHAD-SHAQAQI FAC-TION) [SDT, FTO]

ISLAMIC JIHAD ORGANIZATION (see HIZBALLAH) [SDT, FTO]

ISLAMIC MOVEMENT OF TALIBAN (see TALIBAN) [TALIBAN]

ISLAMIC MOVEMENT OF UZBEKISTAN (a.k.a. IMU) [FTO] [SDGT]

## Ch. V, App. A

## 31 CFR Ch. V (7-1-02 Edition)

- THE ISLAMIC MOVEMENT OF UZBEKISTAN [FTO]
- ISLAMIC RESISTANCE MOVEMENT (see HAMAS) [SDT, FTO]
- ISLAMIC SALVATION FOUNDATION (see AL QA'IDA) [SDT, FTO]
- ISLAMIC SALVATION FOUNDATION (see AL QAIDA) [SDT] [FTO] [SDGT]
- ISLAMIC SALVATION FOUNDATION (see ISLAMIC ARMY) [SDT]
- IZQUIERDO OREJUELA, Patricia, c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 41594424 (Colombia)) (individual) [SDNT]
- IZQUIERDO QUINTERO, Rosalino, c/o INVERSIONES INVERVALLE S.A., Cali, Colombia (Cedula No. 70111037 (Colombia)) (individual) [SDNT]
- IZZ AL-DIN AL QASSAM BATTALIONS (see HAMAS) [SDT, FTO]
- IZZ AL-DIN AL QASSAM BRIGADES (see HAMAS) [SDT, FTO]
- IZZ AL-DIN AL QASSAM FORCES (see HAMAS) [SDT, FTO]
- IZZ AL-DIN AL-QASSIM BATTALIONS (see HAMAS) [SDT, FTO]
- IZZ AL-DIN AL-QASSIM BRIGADES (see HAMAS) [SDT, FTO]
- IZZ AL-DIN AL-QASSIM FORCES (see HAMAS) [SDT, FTO]
- IZZ-AL-DIN, Hasan (a.k.a. GARBAYA, Ahmed; a.k.a. SA-ID; a.k.a. SALWWAN, Samir), Lebanon (DOB 1963; POB Lebanon; Citizen Lebanon) (individual) [SDGT]
- JABRIL, Ahmad (a.k.a. JIBRIL, Ahmad), Secretary General of POPULAR FRONT FOR THE LIBERATION OF PALESTINE - GENERAL COMMAND (DOB 1938, POB Ramleh, Israel) (individual) [SDT]
- JAIMES RIVERA, Jose Isidro, c/o ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Cali, Colombia; c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o CONSULTORIA EMPRESARIAL ESPECIALIZADA LTDA., Cali, Colombia; c/o GANADERIAS DEL VALLE S.A., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia; c/o SOCOVALLE LTDA., Cali, Colombia; c/o INDUSTRIA DE CARNES LTDA., Pereira, Colombia (Cedula No. 19090006 (Colombia)) (individual) [SDNT]
- JAISH-I-MOHAMMED (a.k.a. ARMY OF MOHAMMED), Pakistan [SDGT]
- JAMAHIRIYA BANK (f.k.a. MASRAF AL-GUMHOURIA) (38 local branches in Libya) [LIBYA]
- JAMAHIRIYA BANK (f.k.a. MASRAF AL-GUMHOURIA), Emhemed Megrief Street, Tripoli, Libya [LIBYA]
- JAMAHIRIYA BANK (f.k.a. MASRAF AL-GUMHOURIA), P.O. Box 1291, Benghazi, Libya [LIBYA]
- JAMAHIRIYA BANK (f.k.a. MASRAF AL-GUMHOURIA), P.O. Box 3224, Martyr Street, Megarief, Tripoli, Libya [LIBYA]
- JAM'IYAT AL TA'AWUN AL ISLAMIYYA (see JAM'YAH TA'AWUN AL-ISLAMIA) [SDGT]
- JAM'YAH TA'AWUN AL-ISLAMIA (a.k.a. JAM'IYAT AL TA'AWUN AL ISLAMIYYA; a.k.a. JIT; a.k.a. SOCIETY OF ISLAMIC COOPERATION), Qandahar City, Afghanistan [SDGT]
- JANJIC, Stanisa, Director of JUMKO Holding; member of SPS Main Committee (DOB 10 Mar 48) (individual) [FRYM]
- JANKOVIC, Gojko, (ICTY indictee, Bosnian Serb) (DOB 31 Oct 54) (individual) [FRYM]
- JANKOVIC, Tomislav, President of Galenika Board (individual) [FRYM]
- JANUARY SHUHADA (MARTYRS) PLANT, Libya [LIBYA]
- JAPANESE RED ARMY (a.k.a. NIPPON SEKIGUN; a.k.a. NIHON SEKIGUN; a.k.a. ANTI-IMPERIALIST INTERNATIONAL BRIGADE; a.k.a. HOLY WAR BRIGADE; a.k.a. ANTI-WAR DEMOCRATIC FRONT; a.k.a. JRA; a.k.a. AIIB) [FTO]
- JARACO S.A. (a.k.a. SOKTAR; f.k.a. TRADACO S.A.), 45 Route de Frontenex, CH-1207 Geneva, Switzerland [IRAQ]
- JARAMILLO F., Harvy, c/o DISMERCOOP, Cali, Colombia (Cedula No. 16711189 (Colombia)) (individual) [SDNT]
- JARDINE HOUSE, 6 Crutched Friars, London EC3N 2HT, England [LIBYA]
- JASIM, Latif Nusayyif (a.k.a. JASSEM, Latif Nassif), Minister of Labor and Social Affairs, Baghdad, Iraq (DOB 1941) (individual) [IRAQ]
- JAWABY TECHNICAL SERVICES LIMITED (a.k.a. TEKXEL LIMITED), London, England [LIBYA]
- JERMA PALACE HOTEL, Maarsancala, Malta [LIBYA]
- JIHAD, Abu (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- JIHAD GROUP (see AL-JIHAD) [SDT, FTO]
- JIHAD GROUP (see AL-JIHAD) [SDT] [FTO] [SDGT]
- JIMENEZ, Isabel Cristina, c/o INVERSIONES Y CONSTRUCCIONES ATLAS LTDA., Cali, Colombia; (Cedula No. 66852533 (Colombia)) (individual) [SDNT]
- JIMINEZ, Guillermo (SOLER), Panama (individual) [CUBA]
- JIT (see JAM'YAH TA'AWUN AL-ISLAMIA) [SDGT]
- JOCIC, Vladislav, General Manager of Sabacka Banka AD (individual) [FRYM]
- JOINT TURKISH LIBYAN AGRICULTURAL LIVESTOCK COMPANY, Ankara, Turkey [LIBYA]



- JON, Hana Paul, 19 Tudor House, Windsor Way, Brook Green, London, England (individual) [IRAQ]
- JOSIC, Milan, General Manager of Loznicka Banka AD (individual) [FRYM]
- JOWFE (a.k.a. NATIONAL COMPANY DRILLING CHEMICAL & EQUIPMENT), NOC Building, Ashjara Square, Benghazi, Libya [LIBYA]
- JRA (see JAPANESE RED ARMY) [FTO]
- JUBA DUTY FREE SHOP, Juba, Sudan [SUDAN]
- JUDEA POLICE (see KACH) [SDT, FTO]
- JUME'AN, George, P.O. Box 1318, Amman, Jordan (individual) [IRAQ]
- THE JUDEAN LEGION (see KAHANE CHAI) [SDT, FTO]
- THE JUDEAN VOICE (see KAHANE CHAI) [SDT, FTO]
- JUNE 78 (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]
- K. P. TO JEANS WEAR S. DE H., Calle 78 No. 53-70 Local 218, Barranquilla, Colombia; NIT #800211718-7 (Colombia) [SDNT]
- KACH (a.k.a. REPRESSION OF TRAITORS; a.k.a. DIKUY BOGDIM; a.k.a. DOV; a.k.a. STATE OF JUDEA; a.k.a. COMMITTEE FOR THE SAFETY OF THE ROADS; a.k.a. SWORD OF DAVID; a.k.a. JUDEA POLICE; a.k.a. FOREFRONT OF THE IDEA; a.k.a. THE QOMEMIYUT MOVEMENT; a.k.a. THE YESHIVA OF THE JEWISH IDEA) [SDT, FTO]
- KADHUM, Dr. Fadel Jawad, c/o Alvaney Court, 250 Finchley Road, London, England (individual) [IRAQ]
- KADI, Shaykh Yassin Abdullah (see AL-QADI, Yasin) (individual) [SDGT]
- KADUMPORN, Somboon (see WEI, Hsueh Kang) (individual) [SDNTK]
- KAELBLE-GMEINDER GMBH (a.k.a. KAELBLE & GMEINDER COMPANY), Maubacher Strasse 100, Postfach 13 20, W-7150 Backnang, Germany [LIBYA]
- KAHANE CHAI (a.k.a. KAHANE LIVES; a.k.a. KFAR TAPUAH FUND; a.k.a. THE JUDEAN VOICE; a.k.a. THE JUDEAN LEGION; a.k.a. THE WAY OF THE TORAH; a.k.a. THE YESHIVA OF THE JEWISH IDEA; a.k.a. KOACH) [SDT, FTO]
- KAHANE LIVES (see KAHANE CHAI) [SDT, FTO]
- KAHDI, Yasin (see AL-QADI, Yasin) (individual) [SDGT]
- KAMALATA, Abilio Jose Augusto "Numa" (a.k.a. CAMALATA, Abilio), General of UNITA; DOB 31 August 1955; POB Cubal, Benguela Province, Angola (individual) [UNITA]
- KANDEYA, Amilcar Jose Mateus (see CANDEIA, Anibal Jose Mateus "Kile") (individual) [UNITA]
- KANDEYA, Anibal (see CANDEIA, Anibal Jose Mateus "Kile") (individual) [UNITA]
- KARADZIC, Radovan, (ICTY indictee, Bosnian Serb) (DOB 19 Jun 45; POB Petnica, Montenegro) (individual) [FRYM]
- KARAGHULLY, Labeed A., General Manager of REAL ESTATE BANK, Iraq (individual) [IRAQ]
- KARIC, Palmira Bogoljub, Businessman; ex-Minister without Portfolio, Republic of Serbia (DOB 17 Jan 54; POB Pec, Kosovo) (individual) [FRYM]
- KARIM, Jamil Abdul (a.k.a. HAMEIAH, Jamil; a.k.a. HAMEIAH, Jamil; a.k.a. HAMEIAH, Mamil; a.k.a. HAMEIEH, Jamil; a.k.a. HAMEIH, Jamil; a.k.a. HAMER, Jamil; a.k.a. HAMIAEH, Jamil; a.k.a. HAMIAH, Jamiel; a.k.a. HAMIE, Jamil Abdulkarim; a.k.a. HAMIE, Jamil; a.k.a. HAMIE, Jamile; a.k.a. HAMIEAH, Jamiel; a.k.a. HAMIEAH, Jamil; a.k.a. HAMIEH, Jamal; a.k.a. HAMIEH, Jamiel; a.k.a. HAMIEH, Jamil; a.k.a. HAMIEH, Mamil; a.k.a. HAMIEL, Jamil; a.k.a. HAMIEYE, Jamil; a.k.a. HAMIEYYEH, Jamil; a.k.a. HAMIL, Jamil; a.k.a. HAMIYA, Abdul Jamil; a.k.a. HAMIYE, Jamil; a.k.a. HAMIYYAH, Jamil; a.k.a. HAMIYYEH, Jamil; a.k.a. HAMYH, Jamil; a.k.a. NAZIM, Abou; a.k.a. NEZAM, Abu; a.k.a. NIZAM, Abou); DOB Sep 1938 (individual) [SDNTK]
- KARIMA DATE FACTORY, Karima, Sudan [SUDAN]
- KARIMA FRUIT AND VEGETABLE CANNING FACTORY, P.O. Box 54, Karima, Sudan [SUDAN]
- KASPAR SHIPPING CO. S.A., c/o EMPRESA DE NAVEGACION CARIBE, Edificio Lonja del Comercio, Lamparilla 2, Caja Postal 1784, Havana 1, Cuba [CUBA]
- KASSALA FRUIT PROCESSING COMPANY, Khartoum, Sudan [SUDAN]
- KASSALA ONION DEHYDRATION FACTORY, P.O. Box 22, Kassala, Sudan [SUDAN]
- KAVE, S.A., Panama [CUBA]
- KEENCLOUD LIMITED, 11 Catherine Place, Westminster, London, England [IRAQ]
- KENAF SOCKS FACTORY, Abu Naama, Sudan [SUDAN]
- KERTES, Mihail, Ex-Director of Customs, Federal Republic of Yugoslavia (DOB 29 Aug 47; POB Palanka, Vojvodina, Serbia) (individual) [FRYM]
- KFAR TAPUAH FUND (see KAHANE CHAI) [SDT, FTO]
- KHABAR, Abu (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- KHALFAN, Ahmed (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]
- KHALID (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- KHALIL, Dr. Ahmad Murtada Ahmad (a.k.a. KHALIL, Ahmad Murtadha Ahmad), Minister of Transport and Communications, Iraq (individual) [IRAQ]
- KHAN, Abdullah (a.k.a. AFGHAN, Shear; a.k.a. AFGHAN, Sher; a.k.a. AFGHAN, Shir; a.k.a. AZIZ, Mohammad) DOB 1962; alt. DOB 1959; POB Pakistan (individual) [SDNTK]

- KHAN, Ali (a.k.a. KHAN, Nafir Ali; a.k.a. KHAN, Nasir Ali; a.k.a. KHAN, Nazir Ali; a.k.a. KHAN, Nisan Ali; a.k.a. KHAN, Nisar Ali; a.k.a. NASIR, Ali Khan; a.k.a. NASIR, Khan Ali); DOB 1 Oct 1955; POB Pakistan (individual) [SDNTK]
- KHAN, Nafir Ali (a.k.a. KHAN, Ali; a.k.a. KHAN, Nasir Ali; a.k.a. KHAN, Nazir Ali; a.k.a. KHAN, Nisan Ali; a.k.a. KHAN, Nisar Ali; a.k.a. NASIR, Ali Khan; a.k.a. NASIR, Khan Ali); DOB 1 Oct 1955; POB Pakistan (individual) [SDNTK]
- KHAN, Nasir Ali (a.k.a. KHAN, Ali; a.k.a. KHAN, Nafir Ali; a.k.a. KHAN, Nazir Ali; a.k.a. KHAN, Nisan Ali; a.k.a. KHAN, Nisar Ali; a.k.a. NASIR, Ali Khan; a.k.a. NASIR, Khan Ali); DOB 1 Oct 1955; POB Pakistan (individual) [SDNTK]
- KHAN, Nazir Ali (a.k.a. KHAN, Ali; a.k.a. KHAN, Nafir Ali; a.k.a. KHAN, Nasir Ali; a.k.a. KHAN, Nisan Ali; a.k.a. KHAN, Nisar Ali; a.k.a. NASIR, Ali Khan; a.k.a. NASIR, Khan Ali); DOB 1 Oct 1955; POB Pakistan (individual) [SDNTK]
- KHAN, Nisan Ali (a.k.a. KHAN, Ali; a.k.a. KHAN, Nafir Ali; a.k.a. KHAN, Nasir Ali; a.k.a. KHAN, Nazir Ali; a.k.a. KHAN, Nisan Ali; a.k.a. KHAN, Nisar Ali; a.k.a. NASIR, Ali Khan; a.k.a. NASIR, Khan Ali); DOB 1 Oct 1955; POB Pakistan (individual) [SDNTK]
- KHAN, Nisar Ali (a.k.a. KHAN, Ali; a.k.a. KHAN, Nafir Ali; a.k.a. KHAN, Nasir Ali; a.k.a. KHAN, Nazir Ali; a.k.a. KHAN, Nisan Ali; a.k.a. KHAN, Nisar Ali; a.k.a. NASIR, Ali Khan; a.k.a. NASIR, Khan Ali); DOB 1 Oct 1955; POB Pakistan (individual) [SDNTK]
- KHARTOUM CENTRAL FOUNDRY, Khartoum, Sudan [SUDAN]
- KHARTOUM COMMERCIAL AND SHIPPING COMPANY LIMITED, Kasr Avenue, P.O. Box 221, Khartoum, Sudan [SUDAN]
- KHARTOUM TANNERY, P.O. Box 134, Khartoum South, Sudan [SUDAN]
- KHOMS CEMENT PLANT, Khoms, Libya [LIBYA]
- KHOR OMER ENGINEERING COMPANY, P.O. Box 305, Khartoum, Sudan [SUDAN]
- KHUN SA (see CHANG, Chi Fu) (individual) [SDNTK]
- KHUN, Saeng (a.k.a. CHANG, Ping Yun); DOB 7 Jan 1940; POB Burma (individual) [SDNTK]
- KKCMTSH (see NATIONAL COMMITTEE FOR THE LIBERATION AND PROTECTION OF ALBANIAN LANDS) [BALKANS]
- KNEZEVIC, Dusan, (ICTY indictee, Bosnian Serb) (DOB 23 Jun 55; POB Orlovci) (individual) [FRYM]
- KOACH (see KAHANE CHAI) [SDT, FTO]
- KOL INVESTMENTS, INC., Miami, Florida, U.S.A. [CUBA]
- KORDOFAN AUTOMOBILE COMPANY, P.O. Box 97, Khartoum, Sudan [SUDAN]
- KORDOFAN COMPANY, Khartoum, Sudan [SUDAN]
- KRIKAH INDUSTRIES GROUP, P.O. Box 755, Khartoum North, Sudan [SUDAN]
- KUFRA AGRICULTURAL CO., P.O. Box 4239, Benghazi, Libya; Tripoli Office, P.O. Box 2306, Damascus Street, Tripoli, Libya [LIBYA]
- KUFRA PRODUCTION PROJECT, P.O. Box 6324, Benghazi, Libya; P.O. Box 2306, Tripoli, Libya [LIBYA]
- KURDISTAN WORKERS' PARTY (a.k.a. PKK; a.k.a. PARTIYA KARKERAN KURDISTAN) [FTO]
- KUWAYBAH, Muftah Muhammad, Secretary of Marine Resources of the Government of Libya, Libya (individual) [LIBYA]
- KYOEI INTERNATIONAL COMPANY, LIMITED, Tokyo, Japan [CUBA]
- LA COMPANIA GENERAL DE NIQUEL (a.k.a. GENERAL NICKEL SA), Cuba [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Barcelona, Spain [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Buenos Aires, Argentina [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Genoa, Italy [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Mexico [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Montreal, Canada [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Moscow, Russia [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Pyongyang, Korea (Peoples Democratic Republic) [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Rostock, Germany [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Rotterdam, Netherlands [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Szczecin, Poland [CUBA]
- LA EMPRESA CUBANA DE FLETES (a.k.a. CUBAN FREIGHT ENTERPRISE; a.k.a. CUFLET), Varna, Bulgaria [CUBA]
- LABORATORIOS BLAIMAR DE COLOMBIA S.A. (a.k.a. BLAIMAR), Calle 12B 27 39, Bogotá, Colombia [SDNT]
- LABORATORIOS BLANCO PHARMA S.A. (a.k.a. BLANCO PHARMA S.A.), Carrera 99 y 100 No. 46A-10, Bodega 4, Bogotá, Colombia [SDNT]
- LABORATORIOS GENERICOS VETERINARIOS DE COLOMBIA S.A., Carrera 71 No. 57-07, Bogotá, Colombia [SDNT]
- LABORATORIOS KRESSFOR DE COLOMBIA S.A. (a.k.a. KRESSFOR), Calle 16 28A 51, Bogotá, Colombia; Calle 16 28A 57, Bogotá, Colombia; Calle 17 28A-43, Bogotá,

Office of Foreign Assets Control, Treasury

Ch. V, App. A

- Colombia; Calle 17A 28 43, Bogota, Colombia [SDNT]
- LADEHYANOY, Mufti Rashid Ahmad (a.k.a. LUDHIANVI, Mufti Rashid Ahmad; a.k.a. AHMAD, Mufti Rasheed; a.k.a. WADEHYANOY, Mufti Rashid Ahmad), Karachi, Pakistan (individual) [SDGT]
- LAFI TRADE MALTA, 14517 Tower Road, Sliema, Malta [LIBYA]
- LAFITRADE HOLDINGS BV, P.O. Box 75265, 1070 AG Amsterdam, Netherlands; De Lairesestraat 133, 1075 HJ Amsterdam, Netherlands [LIBYA]
- LAHMAR, Mohammed, Dat El Imad Administrative Complex Tower No. 2, P.O. Box 2542, Tripoli, Libya (individual) [LIBYA]
- LAKSHMI, Panama [CUBA]
- LARRANAGA CALVACHE, Juan Carlos, c/o ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Cali, Colombia; c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia; c/o INMOBILIARIA BOLIVAR LTDA., Cali, Colombia; c/o INVERSIONES EL PEN-ON S.A., Cali, Colombia (Cedula No. 12982064 (Colombia)) (individual) [SDNT]
- LAVERDE GOMEZ, German, c/o CONSTRUCTORA ALTOS DEL RETIRO LTDA., Bogota, Colombia (individual) [SDNT]
- LAYAS, Mohammed Hussein, Tripoli, Libya (individual) [LIBYA]
- LE GROUPE SALAFISTE POUR LA PREDICATION ET LE COMBAT (see SALAFIST GROUP FOR CALL AND COMBAT) [SDGT]
- LEAL FLOREZ, Luis Alejandro, c/o COINTERCOS S.A., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR S.A., Bogota, Colombia; c/o FIDUSER LTDA., Bogota, Colombia; Cedula No. 7217432 (Colombia) (individual) [SDNT]
- LEAL RODRIGUEZ, Jose Guillermo, c/o DECAFARMA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o PENTACOOPT LTDA., Bogota, Colombia; Cedula No. 89867 (Colombia) (individual) [SDNT]
- LEATHER INDUSTRIES CORPORATION (a.k.a. LEATHER INDUSTRIES TANNERIES), P.O. Box 1639, Khartoum, Sudan [SUDAN]
- LEATHER INDUSTRIES TANNERIES (see LEATHER INDUSTRIES CORPORATION) [SUDAN]
- LEBREDO, Jose A., Director, Banco Nacional de Cuba, Zweierstrasse 35, CH-8022 Zurich, Switzerland (individual) [CUBA]
- LEVERAGE, S.A., San Martin 323, Piso 14, Buenos Aires, Argentina [CUBA]
- LEVERYE, S.A., Corrientes 1386, 5th Floor, Buenos Aires, Argentina [CUBA]
- LEYBDA CORPORATION, S.A., Panama [CUBA]
- LIBERATION ARMY OF PRESEVO, MEDVEDJA, AND BUJANOVAC (a.k.a. PMBLA; a.k.a. UCPCB) [BALKANS]
- LIBERATION STRUGGLE (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]
- LIBERATION TIGERS OF TAMIL EELAM (a.k.a. LTTE; a.k.a. TAMIL TIGERS; a.k.a. ELLALAN FORCE) [FP-2]
- LIBERIAN LIBYAN HOLDING COMPANY, Monrovia, Liberia [LIBYA]
- LIBREROS DIEZ, Orlando, c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o DISTRIBUIDORA DE ELEMENTOS PARA LA CONSTRUCCION S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o VALLE COMUNICACIONES LTDA., Cali, Colombia; Cedula No. 16651068 (Colombia) (individual) [SDNT]
- LIBYA INSURANCE CO. (CYPRUS OFFICE) LTD., Cyprus [LIBYA]
- LIBYA INSURANCE COMPANY, Cyprus Office, Nicosia, Cyprus [LIBYA]
- LIBYA INSURANCE COMPANY, P.O. Box 2438, Usama Bldg., 1st September Street, Tripoli, Libya (7 main branches and 58 sub-branches in Libya) [LIBYA]
- LIBYAN ARAB AIRLINES (Numerous branch offices and facilities abroad) [LIBYA]
- LIBYAN ARAB CO. FOR DOMESTIC ELECTRICAL MATERIALS, P.O. Box 453, Benghazi, Libya; P.O. Box 12718, Tripoli, Libya [LIBYA]
- LIBYAN ARAB FOREIGN BANK (a.k.a. LAFB), Dat El Imad Complex Tower No. 2, P.O. Box 2542, Tripoli, Libya [LIBYA]
- LIBYAN ARAB FOREIGN INVESTMENT COMPANY (a.k.a. LAFICO), Athens, Greece [LIBYA]
- LIBYAN ARAB FOREIGN INVESTMENT COMPANY (a.k.a. LAFICO), Malta [LIBYA]
- LIBYAN ARAB FOREIGN INVESTMENT COMPANY (a.k.a. LAFICO), Rome, Italy [LIBYA]
- LIBYAN ARAB MALTESE HOLDING CO. LTD. (a.k.a. LAMHCO), St. Mark House, Cappuchan Street, Floriana, Malta [LIBYA]
- LIBYAN ARAB UGANDA HOLDING CO. LTD. (a.k.a. UGANDA LIBYAN HOLDING CO. LTD.), Kampala, Uganda [LIBYA]
- LIBYAN BRICK MANUFACTURING CO., P.O. Box 25, Km. 17, Suani Road, Suani, Libya; P.O. Box 10700, Tripoli, Libya [LIBYA]
- LIBYAN CEMENT CO., P.O. Box 2108, Benghazi, Libya [LIBYA]
- LIBYAN CINEMA CORPORATION, P.O. Box 2076, Benghazi, Libya; P.O. box 878, Tripoli, Libya [LIBYA]
- LIBYAN ETERNIT COMPANY, P.O. Box 6103, Zanzour Km. 17, Tripoli, Libya [LIBYA]
- LIBYAN FISHING COMPANY, P.O. Box 3749, Tripoli, Libya [LIBYA]

- LIBYAN-GREEK INVESTMENT COMPANY, Athens, Greece [LIBYA]
- LIBYAN HOTELS AND TOURISM CO., P.O. Box 2977, Tripoli, Libya [LIBYA]
- LIBYAN INSURANCE COMPANY, Benghazi, Libya; Derna, Libya; Gharian, Libya; Homs, Libya; Misurata, Libya; Sebha, Libya; Ousama Bldg, 1st September Street, P.O. Box 2438, Tripoli, Libya; Zawiya, Libya [LIBYA]
- LIBYAN ISLAMIC FIGHTING GROUP [SDGT]
- LIBYAN MILLS COMPANY, Sharia 1st September, P.O. Box 310, Tripoli, Libya [LIBYA]
- LIBYAN NATIONAL OIL CORPORATION (a.k.a. LNOC; a.k.a. NATIONAL OIL CORPORATION; a.k.a. NOC), Dahra Gas Projects Office, Dahra Street, P.O. Box 12221, Dahra, Tripoli, Libya [LIBYA]
- LIBYAN NATIONAL OIL CORPORATION (a.k.a. LNOC; a.k.a. NATIONAL OIL CORPORATION; a.k.a. NOC), Petroleum Training and Qualifying Institute, Zawia Road, Km. 9, P.O. Box 6184, Tripoli, Libya [LIBYA]
- LIBYAN NATIONAL OIL CORPORATION (a.k.a. LNOC; a.k.a. NATIONAL OIL CORPORATION; a.k.a. NOC) (Subsidiaries and joint ventures in Libya and worldwide) [LIBYA]
- LIBYAN NATIONAL OIL CORPORATION (a.k.a. LNOC; a.k.a. NATIONAL OIL CORPORATION; a.k.a. NOC), P.O. Box 2978, Benghazi, Libya [LIBYA]
- LIBYAN NATIONAL OIL CORPORATION (a.k.a. LNOC; a.k.a. NATIONAL OIL CORPORATION; a.k.a. NOC), Petroleum Research Centre, Al Nasser Street, P.O. Box 6431, Tripoli, Libya [LIBYA]
- LIBYAN NATIONAL OIL CORPORATION (a.k.a. LNOC; a.k.a. NATIONAL OIL CORPORATION; a.k.a. NOC), Bashir Saadawi Street, P.O. Box 2655, Tripoli, Libya [LIBYA]
- LIBYAN TRACTOR ESTABLISHMENT, P.O. Box 12507, Dahra, Libya [LIBYA]
- LICOREXPORT S.A., Quito, Ecuador [CUBA]
- LINARES REYES, Ricardo Jose (a.k.a. LLENARES REYES, Jose Ricardo), c/o ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUEXITO S.A., Cali, Colombia; c/o INCOVALLE, Cali, Colombia; c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia; c/o INVERSIONES HERREBE LTDA., Cali, Colombia; c/o INVERSIONES INVERVALLE S.A., Cali, Colombia; c/o INVHERESA S.A., Cali, Colombia; c/o VIAJES MERCURIO LTDA, Cali, Colombia; c/o W. HERRERA Y CIA. S. EN C., Cali, Colombia (DOB 8 March 1955; Passport PO466638 (Colombia); Cedula No. 14440139 (Colombia)) (individual) [SDNT]
- LINDO HURTADO, Edgar, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (individual) [SDNT]
- LITRACO IMPEX LTD., P.O. Box 5686, Benghazi, Libya (Branch of NATIONAL SOFT DRINKS EST.) [LIBYA]
- LKCK (a.k.a. NATIONAL MOVEMENT FOR THE LIBERATION OF KOSOVO) [BALKANS]
- LLADROVICI, Ramiz, Deputy Commander, Guard & Rapid Reaction Group of Kosovo Protection Corps (KPC) (DOB: 3 Jan 1966) (individual) [BALKANS]
- LOBATO, Julio (a.k.a. PRADO, Julio), Panama (individual) [CUBA]
- LONDON~O DE UPEGUI, Maria del Carmen, c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia (individual) [SDNT]
- LOPERA LONDON~O, Vicente de Jesus, c/o INVERSIONES Y CONSTRUCCIONES VALLE S.A., Calle, Colombia (Cedula No. 1393107 (Colombia)) (individual) [SDNT]
- LOPEZ, Luis (see AMEZCUA CONTRERAS, Luis Ignacio) (individual) [SDNTK]
- LOPEZ, Miguel, A., Deputy Chairman, Havana International Bank, 20 Ironmonger Lane, London EC2V 8EY, England (individual) [CUBA]
- LOPEZ, Quirino Gutierrez, c/o ANGLO CARIBBEAN SHIPPING CO., LTD., 7th Floor, Ibex House, the Minorities, London, EC3N 1DY, England (individual) [CUBA]
- LOPEZ RODRIGUEZ, Cecilia, c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia (individual) [SDNT]
- LOPEZ VALENCIA, Oscar, c/o FLEEXOEMPAQUES LTDA., Cali, Colombia; c/o PLASTICOS CONDOR LTDA., Cali, Colombia; Carrera 6A No. 11-43 501-2, Cali, Colombia (Cedula No. 10537943 (Colombia)) (individual) [SDNT]
- LOPEZ ZAPATA, Hernan de Jesus, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia; c/o INDUSTRIA MADERERA ARCA LTDA., Cali, Colombia (Cedula No. 16344058 (Colombia)) (individual) [SDNT]
- LOUTH HOLDINGS, S.A., Panama [CUBA]
- LOZANO CANCINO DE GUTIERREZ, Maria Gladys (a.k.a. LOZANO DE GUTIERREZ, Gladys), c/o INVERSIONES GEELE LTDA., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o SERVICIOS SOCIALES LTDA., Bogota, Colombia (DOB 19 October 1948; Cedula No. 41444092 (Colombia)) (individual) [SDNT]
- LOZANO DE GOMEZ, Zilia, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota,

Colombia (Cedula No. 541577886 (Colombia)) (individual) [SDNT]

LOZANO, Eduardo (see AMEZCUA CONTRERAS, Luis Ignacio) (individual) [SDNTK]

LPK (a.k.a. POPULAR MOVEMENT OF KOSOVO) [BALKANS]

LTTE (see LIBERATION TIGERS OF TAMIL EELAM) [FTO]

LUDEVINA, Odeth (see CHILALA, Odeth Ludovina Baca Joaquim) (individual) [UNITA]

LUDHIANVI, Mufti Rashid Ahmad (see LADEHYANOY, Mufti Rashid Ahmad) (individual) [SDGT]

LUGO VILLAFAN~E, Jesus Alberto, c/o CONCRETOS CALI S.A., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES VALLE S.A., Cali, Colombia; c/o INVHERESA S.A., Cali, Colombia; Calle 70N No. 14-31, Cali, Colombia (Cedula No. 14977685 (Colombia)) (individual) [SDNT]

LUKIC, Milan, (ICTY indictee, Bosnian Serb) (DOB 6 Sep 67; POB Foca, Bosnia-Herzegovina) (individual) [FRYM]

LUKIC, Sredoje, (ICTY indictee, Bosnian Serb) (DOB 5 Apr 61; POB Visegrad, Bosnia-Herzegovina) (individual) [FRYM]

LUQMAN, Abu (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]

LUSHTAKU, Sami, Regional Task Group 2 Commander of Kosovo Protection Corps (KPC) (DOB: 20 Feb 1961; POB: Srbica, FRY) (individual) [BALKANS]

M. RODRIGUEZ O. Y CIA. S. EN C.S., Cali, Colombia [SDNT]

M.O.C. ECHEVERRY HERMANOS LTDA., Calle 23AN No. 5AN-21, Cali, Colombia; NIT #800038241-5 (Colombia) [SDNT]

MACHERBE, Oscar (a.k.a. BECERRA, Martin; a.k.a. BECERRA MIRELES, Martin; a.k.a. MAHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]

MADAN, Jorge (RIVAS), Frankfurt, Germany (individual) [CUBA]

MADI, Ragiab Saad, P.O. Box 2297, Shoman Street, Fashoum, Tripoli, Libya (individual) [LIBYA]

MAGANA ALCIDES, Ramon (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

MAGANA, Jorge (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

MAGCOBAR (LIBYA) LTD., Benghazi, Libya; P.O. Box 867, Tripoli, Libya [LIBYA]

MAGNA ALCIDEDES, Ramon (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

MAHARI GENERAL AUTOMOBILE CO., Libya [LIBYA]

MAHERBE, Oscar (a.k.a. BECERRA, Martin; a.k.a. BECERRA MIRELES, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]

MAHLERBE, Oscar (a.k.a. BECERRA, Martin; a.k.a. BECERRA MIRELES, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]

MAHLERBE, Polo (a.k.a. BECERRA, Martin; a.k.a. BECERRA MIRELES, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]



a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]

MALUT SUGAR FACTORY, Malut, Sudan [SUDAN]

MAMOUN DARKAZANLI IMPORT-EXPORT COMPANY (a.k.a. DARKAZANLI COMPANY; a.k.a. DARKAZANLI EXPORT-IMPORT SONDERPOSTEN), Uhlenhorsterweg 34 11, Hamburg, Germany [SDGT]

MAN, Nu (see FADHIL, Mustafa Mohamed) (individual) [SDGT]

MANA, Salem, Frankfurt, Germany (individual) [LIBYA]

MANA, Salem, Libya (individual) [LIBYA]

MANAURE S.A. (f.k.a. AGROPECUARIA LA ROBLEDA S.A.), Avenida 2D Norte No. 24N-76, Cali, Colombia; Carrera 61 No. 11-58, Cali, Colombia (NIT # 800160353-2) [SDNT]

MANGALA SUGAR FACTORY, Mangala, Sudan [SUDAN]

MANJARRES GRANDE, Jorge (see MANJARREZ GRANDE, Jorge) (individual) [SDNT]

MANJARREZ GRANDE, Jorge (a.k.a. MANJARRES GRANDE, Jorge), c/o GRACADAL S.A., Cali, Colombia; c/o INTERAMERICANA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o RADIO UNIDAS F.M. S.A., Cali, Colombia; c/o SERVIFAR S.A., Cali, Colombia; c/o SONAR F.M. S.A., Cali, Colombia; Cedula No. 16632969 (Colombia) (individual) [SDNT]

MANZPER CORP., Panama [CUBA]

MAQUINARIA TECNICA Y TIERRAS LTDA. (a.k.a. M.T.T. LTDA.), Carrera 4A No. 16-04, Cartago, Colombia; NIT #800084233-1 (Colombia) [SDNT]

MARIELA DE RODRIGUEZ Y CIA. S. EN C., Cali, Colombia [SDNT]

MARIELA DE RODRIGUEZ Y CIA. S. EN C. (see INVERSIONES MONDRAGON Y CIA. S.C.S.) [SDNT]

MARIELA MONDRAGON DE R. Y CIA. S. EN C., Calle 12 Norte No. 9N-56/58, Cali, Colombia; Avenida 4 Norte No. 8N-67, Cali, Colombia; NIT #800122032-1 (Colombia) [SDNT]

MARIN ESTRADA Y CIA. S. EN C.S., Carrera 8 No. 32-16, Cali, Colombia; Apartado Aereo 1175, Cali, Colombia; Calle 44 No. 1E-155, Cali, Colombia; Calle 45 No. 1E-86, Cali, Colombia; NIT # 800083114-9 (Colombia) [SDNT]

MARINA SAN GORG CO. LTD. (a.k.a. MARINA SAN GORG HOLIDAY COMPLEX), Malta [LIBYA]

MARINE REGISTRATION COMPANY, Panama [CUBA]

MARINIC, Zoran, (ICTY indictee, Bosnian Serb) (DOB 6 Jun 63; POB Busovaca) (individual) [FRYM]

MARISCO (or MARISCOS) DE FARALLON, S.A., Panama [CUBA]

MARJANOVIC, Mirko, Ex-Prime Minister of Serbia (DOB 27 Jul 37; POB Knin, Croatia) (individual) [FRYM]

MARKETING ASSOCIATES CORPORATION, Calle 52 E, Campo Alegre, Panama City, Panama [CUBA]

MARKOVIC, Mirjana, wife of Slobodan Milosevic (DOB 10 Jul 42) (individual) [FRYM]

MARKOVIC, Momir, Private Banker; ex-Deputy Governor of National Bank of Yugoslavia; Editor of Velika Srbija (individual) [FRYM]

MARKOVIC, Radomir, Chief of Intelligence; head of RDB (DOB 1946 or 1947) (individual) [FRYM]

MARKOVIC, Vladimir, Member of JUL; General Director of Merima Chemical (individual) [FRYM]

MARKOVIC, Zoran, Executive Director of Beogradska Banka (individual) [FRYM]

MARMOLEJO LOAIZA, Carlos Julio, c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INVERSIONES AGRICOLAS AVICOLAS Y GANADERAS LA CARMELITA LTDA., Cali, Colombia; c/o INVERSIONES BETANIA LTDA., Cali, Colombia (Cedula No. 16601783 (Colombia)) (individual) [SDNT]

MARMOLEJO VACA, Hernan Rodrigo, c/o INVERSIONES INVERVALLE S.A., Cali, Colombia (Cedula No. 14972401 (Colombia)) (individual) [SDNT]

MARQUEZ CANOVAS, Alberto, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; c/o SERVICIOS INMOBILIARIOS LTDA., Cali, Colombia (Cedula No. 14993019 (Colombia)) (individual) [SDNT]

MARTIC, Milan, (ICTY indictee, Bosnian Serb) (DOB 18 Nov 54; POB Zagrovic) (individual) [FRYM]

MARUF, Taha Muhyi al-Din, Vice President, Iraq (DOB 1924) (individual) [IRAQ]

MARYOL ENTERPRISES INC., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]

MASPIO CEMENT CORPORATION, P.O. Box 96, Atbara, Sudan [SUDAN]

MATA, Alcides (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. RAMON MAGANA, Alcedis; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

## Ch. V, App. A

## 31 CFR Ch. V (7-1-02 Edition)

- MATADERO METROPOLITANO LTDA., Km. 3 Via Marsella Parque Industrial, Pereira, Colombia; Carrera 10 No. 34-21 Dosq., Pereira, Colombia; Apartado Aereo 3786, Pereira, Colombia; NIT #891412986-3 (Colombia) [SDNT]
- MATHEW, Glenroy (see MATTHEWS, Glenroy Vingrove) (individual) [SDNTK]
- MATRIX CHURCHILL CORPORATION, 5903 Harper Road, Cleveland, Ohio 44139, U.S.A. [IRAQ]FP-1<MATTHEW, Glenroy Vingrove (see MATTHEWS, Glenroy Vingrove) (individual) [SDNTK]
- MATTHEWS, Glenroy Vingrove (a.k.a. MATHEW, Glenroy; a.k.a. MATTHEW, Glenroy Vingrove; a.k.a. MATTHEWS, Glen Roy), Frigate Bay, St. Kitts; DOB 26 July 1958; POB St. Kitts and Nevis; Passport 047815 (St. Kitts) (individual) [SDNTK]
- MATTHEWS, Glen Roy (see MATTHEWS, Glenroy Vingrove) (individual) [SDNTK]
- MATUQ, Matuq Muhammad, Secretary of Education, Youth, Scientific Research, and Vocational Education of the Government of Libya, Libya (DOB 1956) (individual) [LIBYA]
- MAXTIENDAS TODO EN UNO, Avenida Guadalupe con Avenida Simon Bolivar, Cali, Colombia [SDNT]
- MAY ENGINEERING COMPANY, c/o ENGINEERING EQUIPMENT CORPORATION, P.O. Box 97, Khartoum, Sudan [SUDAN]
- MAZUERO ERAZO, Hugo, c/o GRUPO SANTA LTDA., Cali, Colombia; c/o INVERSIONES SANTA LTDA., Cali, Colombia; c/o SOCIEDAD CONSTRUCTORA LA CASCADA S.A., Cali, Colombia (DOB 17 July 1936; alt. DOB 1945; Cedula No. 2445590 (Colombia)) (individual) [SDNT]
- MCM Y CIA. LTDA., (a.k.a. HAPPY DAYS), Calle 25 Norte No. 3AN-39, Cali, Colombia; Calle 22 Norte No. 5A-75, Cali, Colombia; NIT #800204288-2 (Colombia) [SDNT]
- MEDAVIA (a.k.a. MEDITERRANEAN AVIATION COMPANY, LTD.), Malta [LIBYA]
- MEDICAL EQUIPMENT COMPANY, P.O. Box 750, Benghazi, Libya; P.O. Box 464, Sebha, Libya; P.O. Box 12419, Tripoli, Libya [LIBYA]
- MEDINA, Ana Maria or Anita, Panama (individual) [CUBA]
- MEDISAN LIMITED, R1 6A, Qasam Industrial, Limiti tai Ricasch, Kalkara, Malta [LIBYA]
- MEDITERRANEAN FEED SERVICES S.A., Schutengasse 25, Zurich CH-8001, Switzerland [LIBYA]
- MEDITERRANEAN OIL SERVICES GMBH (a.k.a. MEDITERRANEAN SEA OIL SERVICES GMBH; a.k.a. MEDOIL), P.O. Box 5601, Immermannstrasse 40, Dusseldorf 1, Germany [LIBYA]
- MEDITERRANEAN POWER ELECTRIC COMPANY LIMITED, A 18B, Industrial Estate, Marsa, Malta [LIBYA]
- MEJAKIC, Zeljko, (ICTY indictee, Bosnian Serb) (DOB 2 Aug 64; POB Petrov Gaj) (individual) [FRYM]
- MEK (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]
- MELARBE, Oscar (a.k.a. BECERRA, Martin; a.k.a. BECERRA MIRELES, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]
- MENIL ENSTALT COMPANY, Vaduz, Liechtenstein [LIBYA]
- MERCAVICOLA LTDA., Calle 34 No. 5A-25, Cali, Colombia; Calle 47AN, Cali, Colombia (NIT # 800086338-5) [SDNT]
- MERCURIUS IMPORT/EXPORT COMPANY, PANAMA, S.A., Calle C, Edificio 18, Box 4048, Colon Free Zone, Panama [CUBA]
- METROVIA, Switzerland [LIBYA]
- MIDCO FINANCE S.A. (a.k.a. MIDCO FINANCIAL S.A.; a.k.a. MONTANA MANAGEMENT INC.), c/o Morgan & Morgan, Edificio Torre Swiss Bank, Piso 16, Calle 53 Este, Marbella, Panama City, Republic of Panama [IRAQ]
- MIDCO FINANCE S.A. (a.k.a. MIDCO FINANCIAL S.A.; a.k.a. MONTANA MANAGEMENT INC.), 57 Rue du Rhone, CH-1204 Geneva, Switzerland [IRAQ]
- MILACIC, Borislav, Minister of Finance, Republic of Serbia (DOB 13 May 53) (individual) [FRYM]
- MILANOVIC, Dafina, ex-President of Dafiment Bank (individual) [FRYM]
- MILITARY COMMERCIAL CORPORATION, P.O. Box 221, Khartoum, Sudan [SUDAN]
- MILLAN BONILLA, German, c/o CONSTRUVIDA S.A., Cali, Colombia (Cedula No. 14995885 (Colombia)) (individual) [SDNT]
- MILOSEVIC, Borislav, brother of Slobodan Milosevic (DOB 1936) (individual) [FRYM]
- MILOSEVIC, Marija, daughter of Slobodan Milosevic (DOB 1965) (individual) [FRYM]
- MILOSEVIC, Marko, son of Slobodan Milosevic (DOB 2 Jul 74) (individual) [FRYM]
- MILOSEVIC, Milanka, sister-in-law of Slobodan Milosevic (individual) [FRYM]
- MILOSEVIC, Slobodan, Ex-President of Federal Republic of Yugoslavia; (ICTY indictee) (DOB 20 Aug 41; POB Pozarevac, Serbia) (individual) [FRYM]
- MILUTINOVIC, Milan, President, Republic of Serbia; (ICTY indictee) (DOB 19 Dec 42; POB Belgrade, Serbia) (individual) [FRYM]



## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

MIRALUNA LTDA. (f.k.a. EL PASO LTDA.), Carrera 4 No. 12-41 of. 1403, 1501, Cali, Colombia; NIT # 890328836-9 (Colombia) [SDNT]

MIRALUNA LTDA. Y CIA. S. EN C.S., (f.k.a. INVERSIONES EL PASO LTDA.), (f.k.a. INVERSIONES NEGOCAGRICOLA S.A.), Carrera 4 No. 12-41 of. 1403, Cali, Colombia; Carrera 4 No. 12-41 of. 1501, Cali, Colombia; NIT # 890937860-9 [SDNT]

MISTRA VILLAGE LTD., (registered address) 22 Europa Centre, Floriana, Malta; (operating address) Xemiija Hill, St. Paul's Bay, Malta [LIBYA]

MISURATA GENERAL ROADS CO., P.O. Box 200, Misurata, Libya; P.O. Box 958, Tripoli, Libya [LIBYA]

MITCO (a.k.a. MAGHREBAN INTERNATIONAL TRADE COMPANY), 47, Avenue Kheireddine Pacha, 1002 Tunis, Tunisia [LIBYA]

MITROVIC, Borislav, Ex-Secretary General, President's Secretariat (individual) [FRYM]

MITROVIC, Zeljko, Owner of TV Pink; Member of JUL Directorate (DOB 31 May 67) (individual) [FRYM]

MITSUKURA BOEKI K.K. (a.k.a. MITSUKURA BOEKI-KAISHA, LTD.; a.k.a. MITSUKURA CORPORATION; a.k.a. MITSUKURA TRADING COMPANY LIMITED), 4-1-13 Hachimani-dori, Chuo-Ku Kobe, Japan [CUBA]

MITSUKURA BOEKI K.K. (a.k.a. MITSUKURA BOEKI-KAISHA, LTD.; a.k.a. MITSUKURA CORPORATION; a.k.a. MITSUKURA TRADING COMPANY LIMITED), 2-26 Isobe-dori, 4-chome, Chuo-Ku Kobe, Japan [CUBA]

MKO (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]

MLADIC, Ratko, (ICTY indictee, Bosnian Serb) (DOB 12 Mar 43; POB Bozinovici, Bosnia Herzegovina) (individual) [FRYM]

MOA NICKEL SA, Cuba [CUBA]

MODERN ELECTRONIC COMPANY, Khartoum, Sudan [SUDAN]

MODERN FASHION CO. FOR TRADING AND MANUFACTURING OF CLOTHING, THE, Libya [LIBYA]

MODERN LAUNDRY BLUE FACTORY (a.k.a. THE MODERN LAUNDRY BLUEFACTORY), P.O. Box 2241, Khartoum, Sudan [SUDAN]

MODERN PLASTIC & CERAMICS INDUSTRIES COMPANY, Khartoum, Sudan [SUDAN]

MOGOLLON RUEDA, Eduardo, c/o ALFA PHARMA S.A., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o INVERSIONES RODRIGUEZ MORENO Y CIA. S. EN C., Cali, Colombia (DOB 5 February 1953; Cedula No. 19194691 (Colombia)) (individual) [SDNT]

MOHAMED, Abdul Kader Ibrahim, Jianguomenwai Diplomatic Housing Compound, Building 7-1, 5th Floor, Apartment 4, Beijing, People's Republic of China (individual) [IRAQ]

MOHAMMED, Fazul (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]

MOHAMMED, Fazul Abdilahi (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]

MOHAMMED, Fazul Abdullah (a.k.a. FAZUL, Abdallah; a.k.a. FAZUL, Abdalla; a.k.a. FAZUL, Abdallah Mohammed; a.k.a. MOHAMMED, Fazul Abdilahi; a.k.a. ADBALLAH, Fazul; a.k.a. ABDALLA, Fazul; a.k.a. MOHAMMED, Fazul; a.k.a. HAROON; a.k.a. HARUN; a.k.a. FAZUL, Haroon; a.k.a. FAZUL, Harun; a.k.a. MUHAMAD, Fadil Abdallah; a.k.a. HAROUN, Fadhil; a.k.a. AL SUDANI, Abu Seif; a.k.a. AISHA, Abu; a.k.a. LUQMAN, Abu; a.k.a. ALI, Fadel Abdallah Mohammed; a.k.a. MOHAMMED, Fouad) (DOB 25 Aug 1972; alt. DOB 25 Dec 1974; alt. DOB 25 Feb 1974; POB Moroni, Comoros Islands; Citizen Comoros; alt. Citizen Kenya) (individual) [SDGT]

MOHAMMED, Fouad (see MOHAMMED, Fazul Abdullah) (individual) [SDGT]

MOHAMMED, Khalid Shaikh (a.k.a. HENIN, Ashraf Refaat Nabith; a.k.a. WADOOD, Khalid Abdul; a.k.a. ALI, Salem; a.k.a. BIN KHALID, Fahd Bin Adballah) (DOB 14 Apr 1965; alt. DOB 01 Mar 1964; POB Kuwait; Citizen Kuwait) (individual) [SDGT]

MOHAMMED, Mustafa (see FADHIL, Mustafa Mohamed) (individual) [SDGT]

MOHAMMED, Shariff Omar (see GHAILANI, Ahmed Khalfan) (individual) [SDGT]

MONDRAGON AVILA, Alicia, c/o INVERSIONES Y CONSTRUCCIONES COSMOVALLE LTDA., Cali, Colombia (Cedula No. 29086010 (Colombia)) (individual) [SDNT]

MONDRAGON DE RODRIGUEZ, Mariela, c/o COMPAX LTDA., Cali, Colombia; c/o CORPORACION DEPORTIVA AMERICA, Cali, Colombia; c/o INVERSIONES MONDRAGON Y CIA. S.C.S., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES COSMOVALLE LTDA., Cali, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o MARIELA DE RODRIGUEZ Y CIA. S. EN C., Cali, Colombia; c/o MARIELA MONDRAGON DE R. Y CIA. S. EN C., Cali, Colombia; DOB 12 April 1935; Passport 4436059 (Colombia); Cedula No. 29072613 (Colombia) (individual) [SDNT]

MONET TRADING COMPANY, Panama [CUBA]

MONROY ARCILA, Francisco Jose, c/o COMPAN~IA ADMINISTRADORA DE VIVIENDA S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN~ON,

- Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia; Cedula No. 79153691 (Colombia) (individual) [SDNT]
- MONTANEZ, Michael, Panama (individual) [CUBA]
- MONTAN~O BERMUDEZ, Libardo, c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia (Cedula No. 17083296 (Colombia)) (individual) [SDNT]
- MONTOYA MARTINEZ, Juan Carlos, c/o AGROPECUARIA BETANIA LTDA., Cali, Colombia; c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia (Cedula No. 16801475 (Colombia)) (individual) [SDNT]
- MOONEX INTERNATIONAL, S.A., Kingston, Jamaica [CUBA]
- MOONEX INTERNATIONAL, S.A., Panama [CUBA]
- MORALES CASTRILLON, Victor Hugo, c/o TAURA S.A., Cali, Colombia; Cedula No. 16620349 (Colombia) (individual) [SDNT]
- MORAN GUERRERO, Mario Fernando, c/o COINTERCOS S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR, Bogota, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o PENTACOOPT LTDA., Bogota, Colombia (Cedula No. 12983857 (Colombia)) (individual) [SDNT]
- MORENO, Carlos Arturo, c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia (Cedula No. 14264233 (Colombia)) (individual) [SDNT]
- MORENO DAZA, Ricardo Alfredo, Carrera 38D No. 4B-57, Cali, Colombia; c/o GALAPAGOS S.A., Cali, Colombia; c/o TAURA S.A., Cali, Colombia; Cedula No. 16631400 (Colombia) (individual) [SDNT]
- MOSQUERA, Juan Carlos, Calle 24N No. 6-17, Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (Cedula No. 16692007 (Colombia)) (individual) [SDNT]
- MOVIMIENTO REVOLUCIONARIO TUPAC AMARU (see TUPAC AMARU REVOLUTIONARY MOVEMENT) [FTO]
- MRKSIC, Milan, (ICTY indictee, Serb) (DOB 20 Jul 47) (individual) [FRYM]
- MRTA (see TUPAC AMARU REVOLUTIONARY MOVEMENT) [FTO]
- MSALAM, Fahad Ally (see MSALAM, Fahid Mohammed Ally) (individual) [SDGT]
- MSALAM, Fahid Mohammed Ali (see MSALAM, Fahid Mohammed Ally) (individual) [SDGT]
- MSALAM, Fahid Mohammed Ally (a.k.a. ALLY, Fahid Mohammed; a.k.a. MUSALAAM, Fahid Mohammed Ali; a.k.a. MSALAM, Fahid Mohammed Ali; a.k.a. SALEM, Fahid Muhamad Ali; a.k.a. MSALAM, Mohammed Ally; a.k.a. ALKINI, Usama; a.k.a. MSALAM, Fahad Ally) (DOB 19 Feb 1976; POB Mombasa, Kenya; Citizen Kenya) (individual) [SDGT]
- MSALAM, Mohammed Ally (see MSALAM, Fahid Mohammed Ally) (individual) [SDGT]
- M.T.T. LTDA. (see MAQUINARIA TECNICA Y TIERRAS LTDA.) [SDNT]
- MUBARAK, Umid Medhat (a.k.a. MUBARAK, Umid Midhat), Minister of Health, Iraq (DOB ca. 1940) (individual) [IRAQ]
- MUGHNIYAH, Imad Fa'iz (a.k.a. MUGHNIYAH, Imad Fayiz), Senior Intelligence Officer of HIZBALLAH (DOB 7 December 1962, POB Tayr Dibba, Lebanon, Passport No. 432298 (Lebanon)) (individual) [SDT]
- MUHAMAD, Fadil Abdallah (see MOHAMMED, Fazul Abdallah) (individual) [SDGT]
- MUHARIKAAT GENERAL AUTOMOBILE CO., P.O. Box 203, Benghazi, Libya; P.O. Box 259, Tripoli, Libya [LIBYA]
- MUJAHEDIN-E KHALQ (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]
- MUJAHEDIN-E KHALQ ORGANIZATION (a.k.a. MEK; a.k.a. MKO; a.k.a. MUJAHEDIN-E KHALQ; a.k.a. PEOPLE'S MUJAHEDIN ORGANIZATION OF IRAN; a.k.a. PMOI; a.k.a. ORGANIZATION OF THE PEOPLE'S HOLY WARRIORS OF IRAN; a.k.a. SAZEMAN-E MUJAHEDIN-E KHALQ-E IRAN; a.k.a. NATIONAL COUNCIL OF RESISTANCE (NCR); a.k.a. NATIONAL LIBERATION ARMY OF IRAN; a.k.a. NLA) [FTO]
- MULATO, Ernesto Joaquim, UNITA Representative to Germany; DOB 12 August 1940; POB Bembe, Uige Province, Angola (individual) [UNITA]
- MUN~OZ CORTES (CORTEZ), Julio Cesar, c/o DROGAS LA REBAJA BARRANQUILLA S.A., Barranquilla, Colombia; c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o COPSERVIR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DROGAS LA REBAJA PRINCIPAL S.A., Bogota, Colombia; c/o DROGAS LA REBAJA CALI S.A., Cali, Colombia (Cedula No. 14938700 (Colombia)) (individual) [SDNT]
- MUN~OZ PAZ, Adriana del Socorro, c/o INVERSIONES Y CONSTRUCCIONES VALLE S.A., Cali, Colombia (Cedula No. 31950689 (Colombia)) (individual) [SDNT]
- MUN~OZ PAZ, Joaquin Emilio, Avenida 4AN No. 47-89, Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES VALLE S.A., Cali, Colombia; DOB 18 January 1971; Cedula No. 16789012 (Colombia) (individual) [SDNT]
- MUN~OZ RODRIGUEZ, Juan Carlos, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

REBAJA S.A., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o GRACADAL S.A., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES ABC S.A., Cali, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; DOB 25 September 1964; Passport 16703148 (Colombia); Cedula No. 16703148 (Colombia) (individual) [SDNT]

MUN-OZ RODRIGUEZ, Soraya, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES ABC S.A., Cali, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o RADIO UNIDAS FM S.A., Cali, Colombia; c/o SORAYA Y HAYDEE LTDA., Cali, Colombia; DOB 26 July 1967; Passport AC569012 (Colombia); Cedula No. 31976822 (Colombia) (individual) [SDNT]

MUN-OZ Y RODRIGUEZ Y CIA. LTDA., Avenida 6N No. 23DN-26, Cali, Colombia [SDNT]

MURILLO MURILLO, Jose Tolentino, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia (Cedula No. 2240779 (Colombia)) (individual) [SDNT]

MUSA, Rifa'i Ahmad Taha (a.k.a. 'ABD ALLAH, 'Issam 'Ali Muhammad; a.k.a. 'ABD-AL-'IZ; a.k.a. ABD-AL-WAHAB, Abd-al-Hai Ahmad; a.k.a. ABU YASIR; a.k.a. AL-KAMEL, Salah 'Ali; a.k.a. TAHA, Rifa'i Ahmad; a.k.a. TAHA MUSA, Rifa'i Ahmad; a.k.a. THABIT 'IZ), DOB 24 June 1954; POB Egypt; Passport No. 83860 (Sudan), 30455 (Egypt), 1046403 (Egypt) (individual) [SDT]

MUSALAAM, Fahid Mohammed Ali (see MSALAM, Fahid Mohammed Ally) (individual) [SDGT]

MUSLIU, Jonusz, Member of Political Council of Presevo, Medvedja, and Bujanovac (PCPMB) (DOB: 5 Jan 1959; POB: Konculj, FRY) (individual) [BALKANS]

MUSLIU, Shefqet, Member of Liberation Army of Presevo, Medvedja, and Bujanovac (UCPMB) (DOB: 12 Feb 1963; POB: Konculj, FRY) (individual) [BALKANS]

MUSTAFA, Rrustem, Regional Task Group 6 Commander of Kosovo Protection Corps (KPC) (DOB: 27 Feb 1971; POB: Podujevo, FRY) (individual) [BALKANS]

NAAS, Mahmoud, Libya (individual) [LIBYA]

NAIZAQUE PUENTES, Jose de Jesus, c/o COINTERCOS S.A., Bogota, Colombia; c/o COSMEPOP, Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; Calle 58A S 80C-31, Bogota, Colombia (Cedula No. 19348370 (Colombia)) (individual) [SDNT]

NAJAH, Tahor, Manama, Bahrain (individual) [LIBYA]

NAJAH, Tahor, Tripoli, Libya (individual) [LIBYA]

NAJI, Talal Muhammad Rashid, Principal Deputy of POPULAR FRONT FOR THE LIBERATION OF PALESTINE - GENERAL COMMAND (DOB 1930, POB Al Nasiria, Palestine) (individual) [SDT]

NALHERBE, Oscar (a.k.a. BECERRA, Martin; a.k.a. BECERRA MIRELLE, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]

NAMAN, Saalim or Sam, P.O. Box 39, Fletchamstead Highway, Coventry, England; Iraq; Amman, Jordan; 5903 Harper Road, Solon, OH, U.S.A.; 3343 Woodview Lake Road, West Bloomfield, Michigan 48323, U.S.A. (individual) [IRAQ]

NAPETCO (f.k.a. NATIONAL METHANOL COMPANY; a.k.a. NATIONAL PETRO-CHEMICALS COMPANY), Dusseldorf, Germany (Office closed) [LIBYA]

NAPETCO (f.k.a. NATIONAL METHANOL COMPANY; a.k.a. NATIONAL PETRO-CHEMICALS COMPANY), P.O. Box 20812, Marsa Brega, Libya [LIBYA]

NAPETCO (f.k.a. NATIONAL METHANOL COMPANY; a.k.a. NATIONAL PETRO-CHEMICALS COMPANY), P.O. Box 5324, Garden City, Benghazi, Libya [LIBYA]

NASIR, Ali Khan (a.k.a. KHAN, Ali; a.k.a. KHAN, Nafir Ali; a.k.a. KHAN, Nasir Ali; a.k.a. KHAN, Nazir Ali; a.k.a. KHAN, Nisan Ali; a.k.a. KHAN, Nisar Ali; a.k.a. NASIR, Khan Ali); DOB 1 Oct 1955; POB Pakistan (individual) [SDNTK]

NASIR, Khan Ali (a.k.a. KHAN, Ali; a.k.a. KHAN, Nafir Ali; a.k.a. KHAN, Nasir Ali; a.k.a. KHAN, Nazir Ali; a.k.a. KHAN, Nisan Ali; a.k.a. KHAN, Nisar Ali; a.k.a. NASIR, Ali Khan); DOB 1 Oct 1955; POB Pakistan (individual) [SDNTK]

NASRALLAH, Hasan, Secretary General of HIZBALLAH (DOB 31 August 1960 or 1953 or 1955 or 1958, POB Al Basuriyah, Lebanon, Passport No. 042833 (Lebanon)) (individual) [SDT]

NASSER ARANA, Carlos Alberto, Calle 74 No. 53-30, Barranquilla, Colombia; c/o AGRICOLA SONGO LTDA., Barranquilla,

Colombia; c/o DESARROLLOS URBANOS "DESARROLLAR" LTDA., Barranquilla, Colombia; c/o EDIFICACIONES DEL CARIBE LTDA., Barranquilla, Colombia; c/o GRAN COMPAN~IA DE HOTELES LTDA., Barranquilla, Colombia; c/o HOTELES E INMUEBLES DE COLOMBIA LTDA., Barranquilla, Colombia; c/o INMOBILIARIA DEL CARIBE LTDA., Barranquilla, Colombia; c/o INMOBILIARIA HOTELERA DEL CARIBE LTDA., Barranquilla, Colombia; c/o INVERSIONES HOTELERAS DEL LITORAL LTDA., Barranquilla, Colombia; c/o INVERSIONES NAMOS Y CIA. LTDA., Barranquilla, Colombia; c/o INVERSIONES PRADO TRADE CENTER LTDA., Barranquilla, Colombia; c/o K. P. TO JEANS WEAR S. DE H., Barranquilla, Colombia; c/o NEGOCIOS Y PROPIEDADES DEL CARIBE LTDA., Barranquilla, Colombia; c/o PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA., Barranquilla, Colombia; c/o PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA. Y CIA. S.C.A., Barranquilla, Colombia; c/o PROMOTORA HOTEL BARRANQUILLA LTDA., Barranquilla, Colombia; c/o SURAMERICANA DE HOTELES LTDA., Barranquilla, Colombia; DOB November 21, 1964; Passport T707770 (Colombia); Passport PE008808 (Colombia); Cedula No. 8745045 (Colombia) (individual) [SDNT]

NASSER ARANA, Claudia Patricia (a.k.a. Claudia Patricia NASSER DE HASBUN; a.k.a. Claudia Patricia NASSER DE HAZBUN), Calle 74 No. 53-30, Barranquilla, Colombia; Carrera 54 No. 74-79, Barranquilla, Colombia; Carrera 54 No. 75-97 piso 2, Barranquilla, Colombia; c/o AGRICOLA SONGO LTDA., Barranquilla, Colombia; c/o CAMPO VERDE LTDA., Barranquilla, Colombia; c/o COMPAN~IA HOTEL DEL PRADO S.A., Barranquilla, Colombia; c/o DESARROLLOS URBANOS "DESARROLLAR" LTDA., Barranquilla, Colombia; c/o EDIFICACIONES DEL CARIBE LTDA., Barranquilla, Colombia; c/o GRAN COMPAN~IA DE HOTELES LTDA., Barranquilla, Colombia; c/o HOTELES E INMUEBLES DE COLOMBIA LTDA., Barranquilla, Colombia; c/o INMOBILIARIA DEL CARIBE LTDA., Barranquilla, Colombia; c/o INMOBILIARIA HOTELERA DEL CARIBE LTDA., Barranquilla, Colombia; c/o INVERSIONES HOTELERAS DEL LITORAL LTDA., Barranquilla, Colombia; c/o INVERSIONES PRADO TRADE CENTER LTDA., Barranquilla, Colombia; c/o NEGOCIOS Y PROPIEDADES DEL CARIBE LTDA., Barranquilla, Colombia; c/o PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA., Barranquilla, Colombia; c/o PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA. Y CIA. S.C.A., Barranquilla, Colombia; c/o PROMOTORA

HOTEL BARRANQUILLA LTDA., Barranquilla, Colombia; c/o SURAMERICANA DE HOTELES LTDA., Barranquilla, Colombia; c/o VILLA DE ARTE S. DE H., Barranquilla, Colombia; DOB January 23, 1966; Passport AC751227 (Colombia); Cedula No. 32665137 (Colombia) (individual) [SDNT]

NASSER ARANA, Jorge, Calle 74 No. 53-30, Barranquilla, Colombia; c/o AGRICOLA SONGO LTDA., Barranquilla, Colombia; c/o DESARROLLOS URBANOS "DESARROLLAR" LTDA., Barranquilla, Colombia; c/o EDIFICACIONES DEL CARIBE LTDA., Barranquilla, Colombia; c/o GRAN COMPAN~IA DE HOTELES LTDA., Barranquilla, Colombia; c/o HAPPY DAYS S. de H., Barranquilla, Colombia; c/o HOTELES E INMUEBLES DE COLOMBIA LTDA., Barranquilla, Colombia; c/o INMOBILIARIA DEL CARIBE LTDA., Barranquilla, Colombia; INMOBILIARIA HOTELERA DEL CARIBE LTDA., Barranquilla, Colombia; INVERSIONES HOTELERAS DEL LITORAL LTDA., Barranquilla, Colombia; INVERSIONES PRADO TRADE CENTER LTDA., Barranquilla, Colombia; c/o NEGOCIOS Y PROPIEDADES DEL CARIBE LTDA., Barranquilla, Colombia; c/o PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA., Barranquilla, Colombia; c/o PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA. Y CIA. S.C.A., Barranquilla, Colombia; c/o PROMOTORA HOTEL BARRANQUILLA LTDA., Barranquilla, Colombia; c/o SURAMERICANA DE HOTELES LTDA., Barranquilla, Colombia; c/o VESTIMENTA J Y J S. de H., Barranquilla, Colombia; DOB 6 November 1966; Passports T705915 (Colombia), AC143719 (Colombia); Cedula No. 72139939 (Colombia) (individual) [SDNT]

NASSER DAVID, Julio Cesar, (a.k.a. "Jaime Perez Pen-a"), Calle 74 No. 53-30, Barranquilla, Colombia; Carrera 38B No. 76-40, Barranquilla, Colombia; c/o AGRICOLA SONGO LTDA., Barranquilla, Colombia; c/o DESARROLLOS URBANOS "DESARROLLAR" LTDA., Barranquilla, Colombia; c/o EDIFICACIONES DEL CARIBE LTDA., Barranquilla, Colombia; c/o GRAN COMPAN~IA DE HOTELES LTDA., Barranquilla, Colombia; c/o HOTELES E INMUEBLES DE COLOMBIA LTDA., Barranquilla, Colombia; c/o INMOBILIARIA DEL CARIBE LTDA., Barranquilla, Colombia; c/o INMOBILIARIA HOTELERA DEL CARIBE LTDA., Barranquilla, Colombia; c/o INVERSIONES HOTELERAS DEL LITORAL LTDA., Barranquilla, Colombia; c/o INVERSIONES PRADO TRADE CENTER LTDA., Barranquilla, Colombia; c/o NEGOCIOS Y PROPIEDADES DEL CARIBE LTDA., Barranquilla, Colombia; c/o PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA.,

Barranquilla, Colombia; c/o PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA. Y CIA. S.C.A., Barranquilla, Colombia; c/o PROMOTORA HOTEL BARRANQUILLA LTDA., Barranquilla, Colombia; c/o SURAMERICANA DE HOTELES LTDA., Barranquilla, Colombia; DOB 1 November 1940; alt. DOB 1 October 1940; Passport H130865 (Colombia); Cedula No. 3710619 (Colombia) (individual) [SDNT]

NASSER DE HASBUN, Claudia Patricia (see NASSER ARANA, Claudia Patricia) (individual) [SDNT]

NASSER DE HAZBUN, Claudia Patricia (see NASSER ARANA, Claudia Patricia) (individual) [SDNT]

NATIONAL AGRICULTURAL BANK OF LIBYA (a.k.a. AGRICULTURAL BANK, THE; a.k.a. LIBYAN AGRICULTURAL BANK), 52, Omar El Mokhtar Street, P.O. Box 1100, Tripoli, Libya [LIBYA]

NATIONAL AGRICULTURAL BANK OF LIBYA (a.k.a. AGRICULTURAL BANK, THE; a.k.a. LIBYAN AGRICULTURAL BANK) (1 city branch and 27 branches in Libya) [LIBYA]

NATIONAL CEMENT AND BUILDING MATERIALS EST., P.O. Box 628, Sharia Hayati 21, Tripoli, Libya [LIBYA]

NATIONAL CO. FOR CHEMICAL PREPARATION AND COSMETIC PRODUCTS, Benghazi Office, Benghazi, Libya; P.O. Box 2442, Tripoli, Libya [LIBYA]

NATIONAL CO. FOR CONSTRUCTION AND MAINTENANCE OF MUNICIPAL WORKS, P.O. Box 441, Benghazi, Libya; P.O. Box 12908, Zavia Street, Tripoli, Libya [LIBYA]

NATIONAL CO. FOR LIGHT EQUIPMENT, P.O. Box 540, Benghazi, Libya; P.O. Box 8707, Tripoli, Libya [LIBYA]

NATIONAL CO. FOR METAL WORKS, P.O. Box 4093, Benghazi, Libya; P.O. Box 4093, Benghazi, Libya; Lift Department, P.O. Box 1000, Tripoli, Libya [LIBYA]

NATIONAL CO. FOR ROAD EQUIPMENT, P.O. Box 700, Benghazi, Libya; P.O. Box 12392, Tripoli, Libya [LIBYA]

NATIONAL CO. FOR ROADS AND AIRPORTS, P.O. Box 4050, Benghazi, Libya; P.O. Box 8634, Sharia Al Jaraba, Tripoli, Libya [LIBYA]

NATIONAL CO. FOR TRADING AND MANUFACTURING OF CLOTHING, Libya [LIBYA]

NATIONAL CO. OF SOAP AND CLEANING MATERIALS, P.O. Box 246, Benghazi, Libya; P.O. Box 12025, Tripoli, Libya [LIBYA]

NATIONAL COMMERCIAL BANK S.A.L. (22 branches in Libya) [LIBYA]

NATIONAL COMMERCIAL BANK S.A.L., P.O. Box 166, Benghazi, Libya [LIBYA]

NATIONAL COMMERCIAL BANK S.A.L., P.O. Box 4647, Shuhada Square, Tripoli, Libya [LIBYA]

NATIONAL COMMITTEE FOR THE LIBERATION AND PROTECTION OF ALBANIAN LANDS (a.k.a. KKCMTSH) [BALKANS]

NATIONAL COMPANY FOR FIELD AND TERMINALS CATERING, Airport Road, Km. 3, P.O. Box 491, Tripoli, Libya [LIBYA]

NATIONAL COMPANY FOR OILFIELD EQUIPMENT, P.O. Box 8707, Tripoli, Libya [LIBYA]

NATIONAL CONSTRUCTION AND ENGINEERING CO., P.O. Box 259, Benghazi, Libya; P.O. Box 1060, Sharia Sidi Issa, Tripoli, Libya [LIBYA]

NATIONAL CONSULTING BUREAU, Sirte City Branch Office, Sirte City, Libya; P.O. Box 12795, Tripoli, Libya [LIBYA]

NATIONAL CORPORATION FOR HOUSING, P.O. Box 4829, Sharia el Jumhuriya, Tripoli, Libya [LIBYA]

NATIONAL COTTON AND TRADE COMPANY, P.O. Box 1552, Khartoum, Sudan [SUDAN]

NATIONAL COUNCIL OF RESISTANCE (NCR) (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]

NATIONAL DEPARTMENT STORES CO., P.O. Box 5327, Sharia el Jumhuriya, Tripoli, Libya [LIBYA]

NATIONAL DRILLING COMPANY (a.k.a. NATIONAL DRILLING COMPANY (LIBYA); a.k.a. NATIONAL DRILLING WORKOVER COMPANY), 208 Omar El Mokhtar Street, P.O. Box 1454, Tripoli, Libya [LIBYA]

NATIONAL DRILLING COMPANY (LIBYA) (a.k.a. NATIONAL DRILLING COMPANY; a.k.a. NATIONAL DRILLING WORKOVER COMPANY), 208 Omar El Mokhtar Street, P.O. Box 1454, Tripoli, Libya [LIBYA]

NATIONAL EXPORT-IMPORT BANK (n.k.a. BANK OF KHARTOUM GROUP), Sudanese Kuwait Commercial Centre, Nile Street, P.O. Box 2732, Khartoum, Sudan [SUDAN]

NATIONAL FOODSTUFFS IMPORTS, EXPORTS AND MANUFACTURING CO. SAL, P.O. Box 2439, Benghazi, Libya; P.O. Box 11114, Tripoli, Libya [LIBYA]

NATIONAL GENERAL INDUSTRIAL CONTRACTING CO., Sharia el Jumhouria, P.O. Box 295, Tripoli, Libya [LIBYA]

NATIONAL LIBERATION ARMY (a.k.a. ELN; a.k.a. EJERCITO DE LIBERACION NACIONAL) [FTO]

NATIONAL LIBERATION ARMY (a.k.a. NLA; a.k.a. UCK) [BALKANS]

NATIONAL LIBERATION ARMY OF IRAN (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]

NATIONAL LIVESTOCK AND MEAT CO., P.O. Box 4153, Sharia Jamal Abdunnasser, Benghazi, Libya; P.O. Box 389, Sharia Zawiet Dahmani, Tripoli, Libya [LIBYA]

NATIONAL MOVEMENT FOR THE LIBERATION OF KOSOVO (a.k.a. LKCK) [BALKANS]

NATIONAL PHARMACEUTICAL CO. SAL, P.O. Box 2620, Benghazi, Libya; 20 Jalal Bayer Street, P.O. Box 2296, Tripoli, Libya;



- NIPPON SEKIGUN (see JAPANESE RED ARMY) [FTO]
- NIREF, Boezembolcht 23, Rotterdam, Netherlands [CUBA]
- NIZAM, Abou (a.k.a. HAMEIAH, Jamel; a.k.a. HAMEIAH, Jamil; a.k.a. HAMEIAH, Mamil; a.k.a. HAMEIEH, Jamil; a.k.a. HAMEI, Jamill; a.k.a. HAMER, Jamil; a.k.a. HAMIAEH, Jamil; a.k.a. HAMIAH, Jamiel; a.k.a. HAMIE, Jamil Abdulkarim; a.k.a. HAMIE, Jamil; a.k.a. HAMIE, Jamile; a.k.a. HAMIEAH, Jamiel; a.k.a. HAMIEAH, Jamil; a.k.a. HAMIEH, Jamal; a.k.a. HAMIEH, Jamiel; a.k.a. HAMIEH, Jamil; a.k.a. HAMIEH, Mamil; a.k.a. HAMIEL, Jamil; a.k.a. HAMIEYE, Jamil; a.k.a. HAMIEYYEH, Jamil; a.k.a. HAMIL, Jamil; a.k.a. HAMIYA, Abdul Jamil; a.k.a. HAMIYE, Jamil; a.k.a. HAMIYYAH, Jamil; a.k.a. HAMIYYEH, Jamil; a.k.a. HAMYH, Jamil; a.k.a. KARIM, Jamil Abdul; a.k.a. NAZIM, Abou; a.k.a. NEZAM, Abu; DOB Sep 1938 (individual) [SDNTK])
- NLA (a.k.a. NATIONAL LIBERATION ARMY; a.k.a. UCK) [BALKANS]
- NLA (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]
- NORDDEUTSCHE OELLEITUNGSGESELLSCHAFT MBH (a.k.a. NDO; a.k.a. NORTH GERMAN OIL PIPELINE), Wilhelmshaven to Hamburg pipeline, Germany [LIBYA]
- NORDDEUTSCHE OELLEITUNGSGESELLSCHAFT MBH (a.k.a. NDO; a.k.a. NORTH GERMAN OIL PIPELINE), Moorburger Strasse 16, D2000 Hamburg-Harburg 90, Germany [LIBYA]
- NORDSTRAND LTD., Liechtenstein [CUBA]
- NORDSTRAND MARITIME AND TRADING COMPANY, 33 Akti Maouli, 185-35 Pireas (Piraeus), Greece [CUBA]
- NORIEGA, Manuel Antonio, Panama (individual) [CUBA]
- NORTH AFRICA COMMERCIAL BANK S.A.L. (f.k.a. ARAB LIBYAN TUNISIAN BANK S.A.L.), P.O. Box 9575/11, 1st Floor, Piccadilly Centre, Hamra Street, Beirut, Lebanon [LIBYA]
- NORTH AFRICA INDUSTRIAL TRADING AND CONTRACTING CO., P.O. Box 245, Tripoli, Libya [LIBYA]
- NORTH ISLAND SHIPPING CO. LTD., c/o UNION MARITIMA PORTUARIA, 9-Piso, Apartado B, Esquina Cuarteles y Pena Pobre 60, Havana Vieje, Havana, Cuba [CUBA]
- NORTHWEST SENNAR SUGAR FACTORY, Northwest Sennar, Sudan [SUDAN]
- OBEYMAR MAFLA, Carlos, c/o MERCAVICOLA LTDA., Cali, Colombia (Cedula No. 6226643 (Colombia)) [SDNT]
- OCAMPO, Carlos, c/o CONSTRUCCIONES ASTRO S.A., Cali, Colombia; (Cedula No. 6401478 (Colombia)) (individual) [SDNT]
- OCIDENTAL COMUNICACIONES LTDA., Calle 44N No. 2BN-10, Cali, Colombia; Calle 19N No. 2N-29 piso 10 Sur, Cali, Colombia; NIT #800146996-1 (Colombia) [SDNT]
- OCHOA, Salvador (see AMEZCUA CONTRERAS, Luis Ignacio) (individual) [SDNTK]
- OCTUBRE HOLDING SOCIETE ANONIME (a.k.a. OCTOBER HOLDING COMPANY), Vaduz, Liechtenstein [CUBA]
- OEA DRINKS CO., P.O. Box 101, Ibn El Jarrah Street, Tripoli, Libya [LIBYA]
- OGUNGBUYI, Abeni O. (a.k.a. BABESTAN, Abeni O.; a.k.a. SHOFESO, Olatutu Temitope), DOB 30 June 1952; POB Nigeria (individual) [SDNTK]
- OGUNGBUYI, Oluwole A. (a.k.a. ADEMULERO, Babestan Oluwole; a.k.a. BABESTAN, Wole A.; a.k.a. OGUNGBUYI, Wally; a.k.a. OGUNGBUYI, Wole A.; a.k.a. SHOFESO, Olatude I.; a.k.a. SHOFESO, Olatunde Irewole), DOB 4 March 1953, POB Nigeria (individual) [SDNTK]
- OGUNGBUYI, Wally (see OGUNGBUYI, Oluwole A.) (individual) [SDNTK]
- OGUNGBUYI, Wole A. (see OGUNGBUYI, Oluwole A.) (individual) [SDNTK]
- OIL CORPORATION, P.O. Box 64, Khartoum, Sudan [SUDAN]
- OIL ENERGY FRANCE, France [LIBYA]
- OILINVEST (NETHERLANDS) B.V. (a.k.a. OILINVEST HOLLAND B.V.), Museumpln 11, 1071 DJ Amsterdam, Netherlands [LIBYA]
- OILINVEST ESPANOLA (a.k.a. OIL ENERGY SPAIN; a.k.a. OILINVEST SPAIN), Spain [LIBYA]
- OILINVEST INTERNATIONAL N.V. (a.k.a. FOREIGN PETROLEUM INVESTMENT CORPORATION; a.k.a. LIBYAN OIL INVESTMENTS INTERNATIONAL COMPANY; a.k.a. OIIC; a.k.a. OILINVEST), Tripoli, Libya [LIBYA]
- OILINVEST INTERNATIONAL N.V. (a.k.a. FOREIGN PETROLEUM INVESTMENT CORPORATION; a.k.a. LIBYAN OIL INVESTMENTS INTERNATIONAL COMPANY; a.k.a. OIIC; a.k.a. OILINVEST), Netherlands Antilles [LIBYA]
- OJDANIC, Dragoljub, Ex-Minister of Defense, Federal Republic of Yugoslavia; (ICTY indictee) (DOB 1 Jun 41; POB Ravnj, Cajetina) (individual) [FRYM]
- OKBA FOOTWEAR PLANT, Tadjoura, Libya [LIBYA]
- OMAR, Mohammed, Commander of the Faithful ("Amir al-Mumineen"), Kandahar, Afghanistan; DOB 1950; POB Hotak, Kandahar Province, Afghanistan (individual) [TALIBAN]
- OMDURMAN SHOE FACTORY, Omdurman, Sudan [SUDAN]
- OMEISH, Ramadan M., Tripoli, Libya; Abu Dhabi, U.A.E. (individual) [LIBYA]
- OMRAN, Karim Dhaidas, Iraq (individual) [IRAQ]
- OMRANI, Abuzeid Ramadan, Administrative Manager of Libyan Arab Foreign Investment Company, Libya (individual)

- [LIBYA]FP-1<ORGANIZACION EMPRESARIAL A DE J HENAO M E HIJOS Y CIA. S.C.S., Carrera 4A No. 16-04 apt. 303, Cartago, Colombia; Km. 5 Via Aeropuerto, Hacienda Coque, Cartago, Colombia; NIT # 800157331-1 (Colombia) [SDNT]
- ORGANIZATION OF REVOLUTIONARY INTERNATIONALIST SOLIDARITY (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]
- ORGANIZATION OF RIGHT AGAINST WRONG (see HIZBALLAH) [SDT, FTO]
- ORGANIZATION OF THE OPPRESSED ON EARTH (see HIZBALLAH) [SDT, FTO]
- ORGANIZATION OF THE PEOPLE'S HOLY WARRIORS OF IRAN (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]
- ORIENT SHIPPING LIMITED, Lot 18, Bay Street, Kingstowne, St. Vincent and the Grenadines [IRAQ]
- ORS, Jose Antonio Rego, Tokyo, Japan (individual) [CUBA]
- ORTEGA, Dario (PINA), Edificio Saldivar, Panama City, Panama (individual) [CUBA]
- ORTEGA, Miguel (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]
- ORTIZ PALACIOS, Wellington A., Avenida 5AN No. 23D-68 piso 2, Cali, Colombia; Carrera 62 Bis No. 6A, Cali, Colombia; c/o CREACIONES DEPORTIVAS WILLINGTON LTDA., Cali, Colombia (individual) [SDNT]
- ORTIZ, Guadalupe, Cubanatur, Baja California 255, Edificio B, Oficina 103, Condesa 06500, Mexico, D.F., Mexico (individual) [CUBA]
- OS OILINVEST SERVICES A.G., Loewenstrasse 60, Zurich, Switzerland [LIBYA]
- OSORIO CADAVID, Maria Victoria, c/o COLOR 89.5 FM STEREO, Cali, Colombia; c/o DERECHO INTEGRAL Y CIA. LTDA., Cali, Colombia (Cedula No. 31932294 (Colombia)) (individual) [SDNT]
- OSTREMI, Gezim, Member of National Liberation Army (NLA) (DOB: 1 Nov 1942; POB: Debar, Macedonia) (individual) [BAL-KANS]
- OSUNA, Gilberto (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. RAMIREZ, Joise Luis; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]
- PADRON, Amado (TRUJILLO), Panama (individual) [CUBA]
- PAK-LIBYAN HOLDING COMPANY LTD., Karachi, Pakistan [LIBYA]
- PALESTINE ISLAMIC JIHAD-SHAQAQI FACTION (a.k.a. PIJ-SHAQAQI FACTION; a.k.a. PIJ-SHALLAH FACTION; a.k.a. PALESTINIAN ISLAMIC JIHAD; a.k.a. PIJ; a.k.a. ISLAMIC JIHAD OF PALESTINE; a.k.a. ISLAMIC JIHAD IN PALESTINE; a.k.a. ABU GHUNAYM SQUAD OF THE HIZBALLAH BAYT AL-MAQDIS) [SDT, FTO]
- PALESTINE LIBERATION FRONT (see PALESTINE LIBERATION FRONT-ABU ABBAS FACTION) [SDT, FTO]
- PALESTINE LIBERATION FRONT-ABU ABBAS FACTION (a.k.a. PALESTINE LIBERATION FRONT; a.k.a. PLF; a.k.a. PLF-ABU ABBAS) [SDT, FTO]
- PALESTINIAN ISLAMIC JIHAD (see PALESTINE ISLAMIC JIHAD-SHAQAQI FACTION) [SDT, FTO]
- PALMA SAADE, Jessica Maria, Calle 78 No. 53-70, Local 202, Barranquilla, Colombia; c/o VESTIMENTA J y J S. de H., Barranquilla, Colombia; Cedula No. 32758645 (Colombia) (individual) [SDNT]
- PAMIT C. SHIPPING CO., LTD., Limassol, Cyprus [CUBA]
- PANAMERICAN IMPORT AND EXPORT COMMERCIAL CORPORATION, Panama [CUBA]
- PANDORA SHIPPING CO. S.A., Honduras [IRAQ]
- PANOAMERICANA, Panama [CUBA]
- PARADISSIOTIS, Christoforos Pavlou, 34 Grosvenor Street, London W1X 9FG, England (individual) [LIBYA]
- PARADISSIOTIS, Christoforos Pavlou, Larnaca, Cyprus (individual) [LIBYA]
- PAREDES GONZALEZ, Nohora, c/o COPSERVIR LTDA., Bogota, Colombia (Cedula No. 36376456 (Colombia)) (individual) [SDNT]
- PARQUE INDUSTRIAL LAS DELICIAS LTDA., Carrera 7 No. 34-341, Cali, Colombia; Carrera 7 No. 34-341 L-6, Cali, Colombia [SDNT]
- PARTIDO COMUNISTA DEL PERU (COMMUNIST PARTY OF PERU) (see SHINING PATH) [FTO]
- PARTIDO COMUNISTA DEL PERU EN EL SENDERO LUMINOSO DE JOSE CARLOS MARIATEGUI (COMMUNIST PARTY OF



## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

- PERU ON THE SHINING PATH OF JOSE CARLOS MARIATEGUI) (see SHINING PATH) [FTO]
- PARTIYA KARKERAN KURDISTAN (see KURDISTAN WORKERS' PARTY) [FTO]
- PARTY OF GOD (see HIZBALLAH) [SDT, FTO]
- PATENTES MARCAS Y REGISTROS S.A. (a.k.a. PATMAR S.A.), Transversal 29 No. 39-92, Bogota, Colombia; NIT #830016913-0 (Colombia) [SDNT]
- PATIN~O RINCON, Octavio, c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia (Cedula No. 2438955 (Colombia)) (individual) [SDNT]
- PATIN~O URIBE, Carlos Augusto, c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia (Cedula No. 16627574 (Colombia)) (individual) [SDNT]
- PATIN~O FOMEQUE, Sonia Daysi, (a.k.a. PATIO FOMEQUE, Sonia Daicy), Calle 9 Oeste No. 25-106, Cali, Colombia; c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia; Cedula No. 66920533 (Colombia) (individual) [SDNT]
- PATI~O FOMEQUE, Victor Julio, (a.k.a. PATINO FOMEQUE, Victor Hugo), Avenida 4N No. 10N-100, Cali, Colombia; 6 c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia; c/o TAURA S.A., Cali, Colombia; c/o GALAPAGOS S.A., Cali, Colombia; DOB 31 Jan 1959; Cedula No. 16473543 (Colombia) (individual) [SDNT]
- PATIN~O NARANJO, Joaquin Gustavo, Avenida 4N No. 10N-100, Cali, Colombia; c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A., Buenaventura, Colombia; Cedula No. 2730245 (Colombia) (individual) [SDNT]
- PATMAR S.A. (see PATENTES MARCAS Y REGISTROS S.A.) [SDNT]
- PAULO, Armindo Lucas "Gato" (a.k.a. GATO, Armindo Lukamba "Gato"; a.k.a. GATO, Paulo Lukamba), UNITA Secretary-General; DOB 13 May 1954; POB Bailundo, Huambo Province, Angola (individual) [UNITA]
- PAUNOVIC, Radisav, General Manager of Izvozna Banka AD (individual) [FRYM]
- PAVKOVIC, Nebojsa, Chief of General Staff, Army (DOB 10 Apr 46; POB Senjski Rudnik, Despotovac Municipality, Pozarevac, Serbia) (individual) [FRYM]
- PAZ MAHECHA, Gonzalo Rodrigo, Calle 102 No. 48A-08, Bogota, Colombia; Calle 13 No. 4-25 piso 6, Cali, Colombia; Calle 13A No. 66B-60 apt. 101A, Cali, Colombia; Calle 13A No. 66B-60 apt. 102A, Cali, Colombia; Calle 13A No. 66B-60 apt. 902A, Cali, Colombia; Carrera 4 No. 11-45 apt. 621, Cali, Colombia; Carrera 4 No. 11-45 apt. 624, Cali, Colombia; Carrera 4 No. 11-45 of. 802, Cali, Colombia; Carrera 4 No. 11-45 of. 809, Cali, Colombia; Transversal 98 No. 28A-46, Cali, Colombia; c/o COLOR 89.5 FM STEREO, Cali, Colombia (Cedula No. 16590653 (Colombia)) (individual) [SDNT]
- PCP (see SHINING PATH) [FTO]
- PCPMB (a.k.a. POLITICAL COUNCIL OF PRESEVO, MEDVEDJA, AND BUJANOVAC) [BALKANS]
- PELAEZ DE HENAO, Teresa, c/o ALFA PHARMA S.A., Bogota, Colombia (Cedula No. 29013555 (Colombia)) (individual) [SDNT]
- PENA, Jose (TORRES), Panama (individual) [CUBA]
- PENA, Victor, Panama (individual) [CUBA]
- PENEZIC, Branislav, General Manager of DUNAV Banka AD (individual) [FRYM]
- PENTA PHARMA DE COLOMBIA S.A., Calle 17A No. 28A-23, Bogota, Colombia; Calle 17A No. 28A-43, Bogota, Colombia [SDNT]
- PENTACOOPT LTDA. (f.k.a. PENTA PHARMA DE COLOMBIA S.A.), Calle 17A No. 28A-23, Bogota, Colombia; Calle 17A No. 28A-43, Bogota, Colombia (NIT # 830016989-1) [SDNT]
- PEONY SHIPPING CO. LTD., c/o NORDSTRAND MARITIME & TRADING CO. LTD., 26 Skouze Street, Piraeus, Greece [CUBA]
- PEOPLE'S CO-OPERATIVE BANK, P.O. Box 922, Khartoum, Sudan [SUDAN]
- PEOPLE'S MUJAHEDIN ORGANIZATION OF IRAN (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]
- PERDOMO ZUN~IGA, Hugo Ivan, c/o CONSTRUVIDA S.A., Cali, Colombia (Cedula No. 16669843 (Colombia)) (individual) [SDNT]
- PEREZ GARCIA, Carlos, c/o ASESORIAS COSMOS LTDA., Cali, Colombia (Cedula No. 14920419 (Colombia)) (individual) [SDNT]
- PEREZ ORTEGA, Publio Eliecer, c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia (Cedula No. 16597479 (Colombia)) (individual) [SDNT]
- PEREZ SERNA, Wilmar Armando, c/o INVHERESA S.A., Cali, Colombia (individual) [SDNT]
- PEREZ VARELA, Jaime Diego, c/o CONSTRUCTORA GOPEVA LTDA., Cali, Colombia (Cedula No. 2895666 (Colombia)) (individual) [SDNT]
- PEREZ, Alfonso, Panama (individual) [CUBA]
- PEREZ, Manuel Martin, Panama (individual) [CUBA]
- PEREZ, Osvaldo (CRUZ), Panama (individual) [CUBA]
- PESCABRAVA, S.A., France [CUBA]
- PESCABRAVA, S.A., Italy [CUBA]
- PESCABRAVA, S.A., Spain [CUBA]
- PESCADOS Y MARISCOS DE PANAMA, S.A. (a.k.a. PESMAR (or PEZMAR), S.A.), Panama City, Panama [CUBA]
- PETRA NAVIGATION & INTERNATIONAL TRADING CO. LTD. (a.k.a. AL PETRA COMPANY FOR GOODS TRANSPORT

- LTD.), Hai Al Wahda Mahalat 906, 906 Zulak 50, House 14, Baghdad, Iraq [IRAQ]
- PETROLEUM GENERAL ADMINISTRATION, P.O. Box 2649, Khartoum, Sudan [SUDAN]
- PETROVIC, Radoje, General Manager for International Payments of Beogradska Banka (individual) [FRYM]
- PFLP (see POPULAR FRONT FOR THE LIBERATION OF PALESTINE) [SDT, FTO]
- PFLP-GC (see POPULAR FRONT FOR THE LIBERATION OF PALESTINE-GENERAL COMMAND) [SDT, FTO]
- PIEDRAHITA, Gustavo Adolfo, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia (Cedula No. 16764002 (Colombia)) (individual) [SDNT]
- PIJ (see PALESTINE ISLAMIC JIHAD-SHAQAQI FACTION) [SDT, FTO]
- PIJ-SHALLAH FACTION (see PALESTINE ISLAMIC JIHAD-SHAQAQI FACTION) [SDT, FTO]
- PIJ-SHAQAQI FACTION (see PALESTINE ISLAMIC JIHAD-SHAQAQI FACTION) [SDT, FTO]
- PIN-EROS LEON, Miguel E., c/o COPSERVIR LTDA., Bogota, Colombia (Cedula No. 468712 (Colombia)) (individual) [SDNT]
- PINZON, Marco Antonio, c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia (Cedula No. 17801803 (Colombia)) (individual) [SDNT]
- PINZON CEDIEL, John Jairo, c/o TAURA S.A., Cali, Colombia; Cedula No. 13542103 (Colombia) (individual) [SDNT]
- PIONEER SHIPPING LTD., c/o Anglo Caribbean Shipping Co., Ltd., 4th Floor, South Phase 2, South Quay Plaza 2, 183 Marsh Wall, London E14 9SH, England; 171 Old Bakery Street, Valletta, Malta [CUBA]
- PIRAMIDE INTERNATIONAL, Panama [CUBA]
- PIRANHA NAVIGATION CO. LTD., c/o NORDSTRAND MARITIME & TRADING CO. LTD., 26 Skouze Street, Piraeus, Greece [CUBA]
- PKK (see KURDISTAN WORKERS' PARTY) [FTO]
- PLASTIC SACKS FACTORY (see SACKS FACTORY) [SUDAN]
- PLASTICOS CONDOR LTDA., Carrera 13 No. 16-62, Cali, Colombia [SDNT]
- PLF (see PALESTINE LIBERATION FRONT-ABU ABBAS FACTION) [SDT, FTO]
- PLF-ABU ABBAS (see PALESTINE LIBERATION FRONT-ABU ABBAS FACTION) [SDT, FTO]
- PMBLA (a.k.a. LIBERATION ARMY OF PRESEVO, MEDVEDJA, AND BUJANOVAC; a.k.a. UCPMB) [BALKANS]
- PMOI (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]
- POCHO NAVIGATION CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- POLIEMPAQUES LTDA., Carrera 13A No. 16-49, Cali, Colombia; Carrera 13A No. 16-55, Cali, Colombia; Carrera 13 No. 16-62, Cali, Colombia; NIT #805003763-5 (Colombia) [SDNT]
- POLITICAL COUNCIL OF PRESEVO, MEDVEDJA, AND BUJANOVAC (a.k.a. PCPMB) [BALKANS]
- PONCE DE LEON, Lazaro (GOMEZ), Medira, Mexico (individual) [CUBA]
- PONS, Alberto, Executive Representative, Banco Nacional de Cuba, Federico Boyd Avenue & 51 Street, Panama City, Panama (Licensed pending removal by FAC) (individual) [CUBA]
- POPULAR FRONT FOR THE LIBERATION OF PALESTINE (a.k.a. PFLP; a.k.a. RED EAGLES; a.k.a. RED EAGLE GROUP; a.k.a. RED EAGLE GANG; a.k.a. HALHUL GANG; a.k.a. HALHUL SQUAD) [SDT, FTO]
- POPULAR FRONT FOR THE LIBERATION OF PALESTINE-GENERAL COMMAND (a.k.a. PFLP-GC) [SDT, FTO]
- POPULAR MOVEMENT OF KOSOVO (a.k.a. LPK) [BALKANS]
- POPULAR REVOLUTIONARY STRUGGLE (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]
- PORT SUDAN COTTON AND TRADE COMPANY (a.k.a. PORT SUDAN COTTON COMPANY), P.O. Box 590, Khartoum, Sudan; P.O. Box 261, Port Sudan, Sudan [SUDAN]
- PORT SUDAN COTTON COMPANY (see PORT SUDAN COTTON AND TRADE COMPANY) [SUDAN]
- PORT SUDAN DUTY FREE SHOP, Port Sudan, Sudan [SUDAN]
- PORT SUDAN EDIBLE OILS STORAGE CORPORATION, P.O. Box 429, Port Sudan, Sudan [SUDAN]
- PORT SUDAN REFINERY LIMITED, P.O. Box 354, Port Sudan, Sudan [SUDAN]
- PORT SUDAN SPINNING FACTORY, Port Sudan, Sudan [SUDAN]
- POSSO DE LONDON-O, Maria del Carmen, c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia (Cedula No. 29664243 (Colombia)) (individual) [SDNT]
- PRADO CUERO, Salomon (a.k.a. CHALO), Avenida 26 No. 42B-89, Bogota, Colombia; Carrera 101B No. 11B-50, Cali, Colombia; c/o COLOR 89.5 FM STEREO, Cali, Colombia (DOB 1 August 1948) (individual) [SDNT]FP-1<PRASIT, Cheewinnittipanya (see WEI, Hsueh Kang) (individual) [SDNTK]
- PRASIT, Chivinnittipanya (see WEI, Hsueh Kang) (individual) [SDNTK]
- PRELASA, Mexico [CUBA]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

PRENSA LATINA CANADA LTD., 1010 O Rue Ste. Catherine, Montreal PQ H303 IGI, Canada [CUBA]

PRENSA LATINA, Spain [CUBA]

PRESA, S.A., Panama [CUBA]

PREVIA S.A. (a.k.a. PREVENCIÓN Y ANALISIS DE RIESGOS), Carrera 3 No. 10-20 of. 202, Cali, Colombia; Carrera 3 No. 12-40 of. 504, Cali, Colombia [SDNT]

PRIETO, Diocelina (see PRIETO, Dioselina) (individual) [SDNT]

PRIETO, Dioselina, (a.k.a. PRIETO, Diocelina), Carrera 12 No. 2-81, Bogota, Colombia; c/o COMEDICAMENTOS S.A., Bogota, Colombia; c/o DISTRIBUIDORA AGROPECUARIA COLOMBIANA S.A., Cali, Colombia; c/o GLAJAN S.A., Bogota, Colombia; c/o INVERSIONES BOMBAY S.A., Bogota, Colombia; Cedula No. 41760201 (Colombia) (individual) [SDNT]

PRIMA EXPORT/IMPORT, Jamaica [CUBA]

PRISMA STEREO 89.5 F.M. (see SONAR F.M. E.U. DIETER MURRLE) [SDNT]

PROCESADORA DE POLLOS SUPERIOR S.A. (a.k.a. COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A.), A.A. 1689, Cali, Colombia; Avenida 2N No. 7N-55 of. 521, Cali, Colombia; Carrera 3 No. 12-40, Cali, Colombia; Km 17 Recta Cali-Palmira, Palmira, Colombia (NIT # 800074991-3 (Colombia)) [SDNT]

PRODUCCIONES CARNAVAL DEL NORTE Y COMPANIA LIMITADA, Calle 22N No. 5A-75 05, Cali, Colombia; NIT #800250531-3 (Colombia) [SDNT]

PROHUEVO DE COLOMBIA LTDA., 1 Km Antes de Cavasa Palmira-Cali, Colombia; Calle 34 No. 5A-25, Cali, Colombia; Granja Pio Pio Carretera Cali-Candelaria Km 12, Cali, Colombia (NIT # 800089683-5) [SDNT]

PROMOCIONES ARTISTICAS (a.k.a. PROARTE), Avenida Insurgentes Sur No. 421, Bloque B Despacho 404, C.P. 06100, Mexico, D.F., Mexico [CUBA]

PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA., Calle 74 No. 53-30, Barranquilla, Colombia; Calle 78 No. 53-70 Centro Comercial Villa Country, Barranquilla, Colombia; Carrera 54 No. 72-80 Ejecutivo I, Barranquilla, Colombia; Carrera 54 No. 72-147, Barranquilla, Colombia; Carrera 55 No. 72-109 Piso 1, Barranquilla, Colombia; Carrera 56 No. 70-60, Barranquilla, Colombia; Carrera 57 No. 79-149, Barranquilla, Colombia; NIT # 890108115-3 (Colombia) [SDNT]

PROMOCIONES Y CONSTRUCCIONES DEL CARIBE LTDA. Y CIA. S.C.A., (a.k.a. PROMOCION), Calle 74 No. 53-30, Barranquilla, Colombia; Calle 78 No. 53-70 Centro Comercial Villa Country, Barranquilla, Colombia; Carrera 54 No. 72-80 L-21 Ejecutivo I, Barranquilla, Colombia; Carrera 54 No. 72-147 L-115, Barranquilla, Colombia; Carrera 55 No. 80-192, Barranquilla, Colombia; Carrera 55 No. 80-192 Ap. 6, Barranquilla, Colombia; Apartado Aereo 50183, Barranquilla, Colombia; Apartado Aereo 51110, Barranquilla, Colombia; NIT # 890108148-6 (Colombia) [SDNT]

PROMOTORA ANDINA, S.A., Quito, Ecuador [CUBA]

PROMOTORA HOTEL BARRANQUILLA LTDA., Calle 74 No. 53-30, Barranquilla, Colombia; Apartado Aereo 51110, Barranquilla, Colombia; NIT # 890111684-3 (Colombia) [SDNT]

PROYECTOS J.A.M. LTDA., Carrera 53 No. 74-16, Barranquilla, Colombia; Carrera 54 No. 72-147, Barranquilla, Colombia; Calle 77 No. 65-37 L-6, Barranquilla, Colombia; NIT #800234529-0 (Colombia) [SDNT]

PROYECTOS J.A.M. LTDA. Y CIA. S. EN C., Calle 74 No. 53-23 of. 401, Barranquilla, Colombia; Calle 74 No. 53-23 L-503, Barranquilla, Colombia; Carrera 53 No. 74-16 of. 401, Barranquilla, Colombia; Carrera 53 No. 74-16, Barranquilla, Colombia; NIT #800243483-9 (Colombia) [SDNT]

PUBLIC COMPANY FOR GARMENTS, P.O. Box 4152, Benghazi, Libya [LIBYA]

PUBLIC CORPORATION FOR BUILDING AND CONSTRUCTION, P.O. Box 2110, Khartoum, Sudan [SUDAN]

PUBLIC CORPORATION FOR IRRIGATION AND EXCAVATION, P.O. Box 619, Khartoum, Sudan; P.O. Box 123, Wad Medani, Sudan [SUDAN]

PUBLIC CORPORATION FOR OIL PRODUCTS AND PIPELINES, Khartoum, Sudan [SUDAN]

PUBLIC ELECTRICAL WORKS CO., P.O. Box 32811, Benghazi, Libya; P.O. Box 8539, Sharia Halab, Tripoli, Libya [LIBYA]

PUBLIC ELECTRICITY AND WATER CORPORATION (a.k.a. CENTRAL ELECTRICITY AND WATER CORPORATION), P.O. Box 1380, Khartoum, Sudan [SUDAN]

PUBLIC SAFETY COMMODITY IMPORTING CO. (a.k.a. SILAMNIA), P.O. Box 12942, Tripoli, Libya [LIBYA]

QAFALA GENERAL AUTOMOBILE CO., Libya [LIBYA]

QALHARBE DE LEON, Oscar (a.k.a. BECERRA, Martin; a.k.a. BECERRA MIRELES, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. VARGAS, Jorge); DOB 10 Jan 1964; POB Mexico (individual) [SDNTK]

QASEM, Talat Fouad, Propaganda Leader of ISLAMIC GAMA'AT (DOB 2 June 1957 or 3 June 1957, POB Al Mina, Egypt) (individual) [SDT]

THE QOMEMIYUT MOVEMENT (see KACH) [SDT, FTO]

**Ch. V, App. A****31 CFR Ch. V (7-1-02 Edition)**

QUALITY SHOES COMPANY, UB33, Industrial Estate, San Gwann, Malta [LIBYA]

QUIGUA ARIAS, Omar, c/o IMCOMER, Cali, Colombia; c/o INCOES, Cali, Colombia (individual) [SDNT]

QUIMINTER GMBH, Vienna, Austria [CUBA]

QUINTANA HERNANDEZ, Gonzalo, c/o DISTRIBUIDORA DE DROGAS LA REBAJA BOGOTA S.A., Bogota, Colombia; c/o GRACADAL S.A., Cali, Colombia; c/o POLIEMPAQUES LTDA., Bogota, Colombia; Cedula No. 16603939 (Colombia) (individual) [SDNT]

QUINTERO SALAZAR, Lisimaco, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (individual) [SDNT]

RABAK OIL MILL, P.O. Box 2105, Khartoum, Sudan [SUDAN]

RABITA TRUST, Room 9A, 2nd Floor, Wahdat Road, Education Town, Lahore, Pakistan; Wares Colony, Lahore, Pakistan [SDGT]

RADENKOVIC, Ljiljana, Anglo-Yugoslav Bank London; Antexol Trading Ltd., Cyprus (individual) [FRYM]

RADIC, Miroslav, (ICTY indictee, Serb) (DOB 1 Jan 61) (individual) [FRYM]

RADIO SERVICE, S.A., Panama [CUBA]

RADIO UNIDAS FM S.A., Calle 15N No. 6N-34 piso 15, Edificio Alcazar, Cali, Colombia; Calle 19N No. 2N-29 piso 10 Sur, Cali, Colombia [SDNT]

RADIO UNIDAS FM S.A. (see SONAR F.M. S.A.) [SDNT]

RAFIDAIN BANK, 114 Tahreer Str. Eldukki, P.O.Box 239, Omran Giza, Cairo, Egypt [IRAQ]

RAFIDAIN BANK, 2nd Floor Sadat Tower, P.O. Box 1891, Beirut, Lebanon (2 branches in Lebanon) [IRAQ]

RAFIDAIN BANK, Mafraq, Jordan [IRAQ]

RAFIDAIN BANK, New Banks' Street, P.O. Box 11360, Massarif, Baghdad, Iraq (227 branches in Iraq) [IRAQ]

RAFIDAIN BANK, P.O. Box 10023, Sanaa, Yemen Arab Republic [IRAQ]

RAFIDAIN BANK, P.O. Box 1194, Cinema al-Hussein Street, Amman, Jordan [IRAQ]

RAFIDAIN BANK, P.O. Box 607, Manama, Bahrain (2 branches in Bahrain) [IRAQ]

RAFIDAIN BANK, P.O. Box 685, Aqaba, Jordan [IRAQ]

RAFIDAIN BANK, P.O.Box 815401, Jabal Amman, Jordan [IRAQ]

RAFIDAIN BANK, Rafidain Bank Building, 7-10 Leadenhall Street, London EC3V 1NL, England [IRAQ]

RAFIDAIN BANK, Sheikh Khalifa Street, P.O. Box 2727, Abu Dhabi, United Arab Emirates [IRAQ]

RAHMAN, Pavle, General Manager for Funds and Liquidity of Beogradska Banka (individual) [FRYM]

RAINBOW FACTORIES, P.O. Box 1768, Khartoum, Sudan [SUDAN]

RAJBROOK LIMITED, England [IRAQ]

RAJIC, Ivica, (ICTY indictee, Bosnian Croat) (DOB 5 May 58; POB Johovac) (individual) [FRYM]

RAKETIC, Srdjan, Director General of Privredna Banka Pancevo AD (individual) [FRYM]

RAMADAN, Taha Yasin (or Yassin), Vice President and Deputy Prime Minister, Iraq (DOB 1936) (individual) [IRAQ]

RAMIREZ ABADIA, Juan Carlos, Calle 6A No. 34-65, Cali, Colombia; DOB 16 February 1963; Passport AD127327 (Colombia); Cedula No. 16684736 (Colombia) (individual) [SDNT]

RAMIREZ BUITRAGO, Luis Eduardo, c/o INCOES, Cali, Colombia (individual) [SDNT]

RAMIREZ BUITRAGO, Placido, c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia (individual) [SDNT]

RAMIREZ CORTES, Delia Nhora (Nora), c/o ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Cali, Colombia; c/o AGROPECUARIA Y REFORESTADORA HERREBE LTDA., Cali, Colombia; c/o COMPAN~IA ADMINISTRADORA DE VIVIENDA S.A., Cali, Colombia; c/o CONSTRUCTORA ALTOS DEL RETIRO LTDA., Bogota, Colombia; c/o CONSTRUEXITO S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INMOBILIARIA BOLIVAR LTDA., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia; c/o INVERSIONES HERREBE LTDA., Cali, Colombia; c/o INVERSIONES INVERVALLE S.A., Cali, Colombia; c/o SOCOVALLE LTDA., Cali, Colombia; c/o VIAJES MERCURIO LTDA., Cali, Colombia; DOB 20 January 1959; Cedula No. 38943729 (Colombia) (individual) [SDNT]

RAMIREZ de CASTAN~EDA, Maria, c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o PENTACOOPT LTDA., Bogota, Colombia (Cedula No. 31226330 (Colombia)) (individual) [SDNT]

RAMIREZ ESCUDERO, Pedro Emilio, Calle 6A No. 48-36, Cali, Colombia; c/o GALAPAGOS S.A., Cali, Colombia; Cedula No. 16280602 (Colombia) (individual) [SDNT]

RAMIREZ, James Alberto, c/o ANDINA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o DISMERCOOP, Cali, Colombia; c/o GRACADAL S.A., Cali, Colombia; c/o INTERAMERICANA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o INVERSIONES MONDRAGON Y CIA. S.C.S., Cali, Colombia; c/o INVERSIONES Y CONSTRUCCIONES COSMOVALLE LTDA., Cali, Colombia; c/o SERVICIOS FARMACEUTICOS SERVIFAR S.A., Cali, Colombia; Cedula No. 16691796 (Colombia) (individual) [SDNT]

RAMIREZ, Julio Cesar, c/o RADIO UNIDAS FM S.A., Cali, Colombia (Cedula No. 16685808 (Colombia)) (individual) [SDNT]

RAMIREZ, Joise Luis (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMOX PEREZ, Jorge) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]

RAMIREZ LIBREROS, Gladys Miriam, c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o INVERSIONES MOMPAX LTDA., Cali, Colombia (DOB 20 November 1945; Passport 38974109 (Colombia); Cedula No. 38974109 (Colombia)) (individual) [SDNT]

RAMIREZ M., Oscar, c/o INVERSIONES ARA LTDA., Cali, Colombia; c/o VALORES MOBILIARIOS DE OCCIDENTE S.A., Bogota, Colombia; c/o RIONAP COMERCIO Y REPRESENTACIONES S.A., Quito, Ecuador (individual) [SDNT]

RAMIREZ SANCHEZ, Alben, c/o INCOES, Cali, Colombia (individual) [SDNT]

RAMIREZ SUAREZ (SUARES), Luis Carlos, c/o COPSERVIR LTDA., Bogota, Colombia; c/o DROGAS LA REBAJA BUCARAMANGA S.A., Bucaramanga, Colombia (Cedula No. 19164938 (Colombia)) (individual) [SDNT]

RAMIREZ VALENCIANO, William, c/o ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o IMCOMER LTDA., Cali, Colombia; c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN-ON S.A., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia; Calle 3C No. 72-64 10, Cali, Colombia (Cedula No. 16694719 (Colombia)) (individual) [SDNT]

RAMON MAGANA, Alcedis (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

RAMON MAGANA, Alcides (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcides; a.k.a. ROMERO, Antonio); DOB 4 Sep 1957 (individual) [SDNTK]

RAMOS BONILLA, Blanca Clemencia, c/o COSMEPOP, Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 41767311 (Colombia)) (individual) [SDNT]

RAMOS GARBIRAS, Gerardo Alfonso, Carrera 29 No. 9-64, Cali, Colombia; c/o DISTRIBUIDORA AGROPECUARIA COLOMBIANA S.A., Cali, Colombia; c/o INVERSIONES BOMBAY S.A., Bogota, Colombia; Cedula No. 6457125 (Colombia) (individual) [SDNT]

RAMOS RAYO, Heriberto, c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia (Cedula No. 6186403 (Colombia)) (individual) [SDNT]

RAMOX PEREZ, Jorge (a.k.a. AREGON, Max; a.k.a. CARO RODRIGUEZ, Gilberto; a.k.a. GUIERREZ LOERA, Jose Luis; a.k.a. GUMAN LOERAL, Joaquin; a.k.a. GUZMAN, Achivaldo; a.k.a. GUZMAN, Archibaldo; a.k.a. GUZMAN, Aureliano; a.k.a. GUZMAN, Chapo; a.k.a. GUZMAN FERNANDEZ, Joaquin; a.k.a. GUZMAN, Joaquin Chapo; a.k.a. GUZMAN LOEIA, Joaquin; a.k.a. GUZMAN LOERA, Joaquin; a.k.a. GUZMAN LOESA, Joaquin; a.k.a. GUZMAN LOREA, Chapo; a.k.a. GUZMAN PADILLA, Joaquin; a.k.a. ORTEGA, Miguel; a.k.a. OSUNA, Gilberto; a.k.a. RAMIREZ, Joise Luis) DOB 25 Dec 1954; POB Mexico (individual) [SDNTK]

RAOUF, Khalid Mohammed, Praca Pio X, 54-10o Andar, CEP 20091, Rio de Janeiro, Brazil (individual) [IRAQ]

RAS HILAL MARITIME CO., P.O. Box 1496, Benghazi, Libya [LIBYA]

RAS LANUF OIL AND GAS PROCESSING COMPANY, LTD. (a.k.a. RASCO), Benghazi Complex, P.O. Box 1971, Gamel Abdul Nasser Street, Benghazi, Libya [LIBYA]

RAS LANUF OIL AND GAS PROCESSING COMPANY, LTD. (a.k.a. RASCO), P.O. Box 75071, Tripoli, Libya [LIBYA]

RAS LANUF OIL AND GAS PROCESSING COMPANY, LTD. (a.k.a. RASCO), Ras Lanuf Complex and Terminal, Ghout El Shaal, Libya [LIBYA]

RASHEED BANK (a.k.a. AL-RASHEED BANK; a.k.a. AL-RASHID BANK), P.O. Box 7177, Haifa Street, Baghdad, Iraq [IRAQ] including but not limited to: Al-Rusafi Branch, No. 505, Al-Masarif Street, Baghdad, Iraq [IRAQ] Basrah Branch, Al Thawrah Street, No. 88, P.O. Box 116, Basrah, Iraq [IRAQ] Credit Commercial Branch, No. 506, Khalid bin Alwaleed Street, Baghdad, Iraq [IRAQ] Mosul Branch, No. 3, P.O. Box 183, Mosul, Iraq [IRAQ]

Ch. V, App. A

31 CFR Ch. V (7-1-02 Edition)

- REA SWEET FACTORY, P.O. Box 1027, Khartoum, Sudan [SUDAN]
- READY-MADE SUITS PLANT, Derna, Libya [LIBYA]
- REAL ESTATE BANK, Hassan Bin Thabit St, Baghdad, Iraq [IRAQ]
- REAL IRA (a.k.a. 32 COUNTY SOVEREIGNTY COMMITTEE; a.k.a. 32 COUNTY SOVEREIGNTY MOVEMENT; a.k.a. IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION; a.k.a. REAL IRISH REPUBLICAN ARMY; a.k.a. REAL OGLAIGH NA HEIREANN; a.k.a. RIRA) [FTO]
- REAL IRISH REPUBLICAN ARMY (a.k.a. 32 COUNTY SOVEREIGNTY COMMITTEE; a.k.a. 32 COUNTY SOVEREIGNTY MOVEMENT; a.k.a. IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION; a.k.a. REAL IRA; a.k.a. REAL OGLAIGH NA HEIREANN; a.k.a. RIRA) [FTO]
- REAL OGLAIGH NA HEIREANN (a.k.a. 32 COUNTY SOVEREIGNTY COMMITTEE; a.k.a. 32 COUNTY SOVEREIGNTY MOVEMENT; a.k.a. IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION; a.k.a. REAL IRA; a.k.a. REAL IRISH REPUBLICAN ARMY; a.k.a. RIRA) [FTO]
- RECICLAJE INDUSTRIAL, S.A., Panama [CUBA]
- RECITEC LTDA., Calle 16 No. 12-49, Cali, Colombia; NIT #800037780-9 (Colombia) [SDNT]
- RECONSTRUYE LTDA. (see REPARACIONES Y CONSTRUCCIONES LTDA.) [SDNT]
- RED EAGLE GANG (see POPULAR FRONT FOR THE LIBERATION OF PALESTINE) [SDT, FTO]
- RED EAGLE GROUP (see POPULAR FRONT FOR THE LIBERATION OF PALESTINE) [SDT, FTO]
- RED EAGLES (see POPULAR FRONT FOR THE LIBERATION OF PALESTINE) [SDT, FTO]
- RED SEA HILLS MINERALS COMPANY, c/o SUDANESE MINING CORPORATION, P.O. Box 1034, Khartoum, Sudan [SUDAN]
- RED SEA STEVEDORING, P.O. Box 215, Khartoum, Sudan; P.O. Box 17, Port Sudan, Sudan [SUDAN]
- RED STAR BATTALIONS (see DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE—HAWATMEH FACTION) [SDT]
- RED STAR FORCES (see DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE—HAWATMEH FACTION) [SDT]
- REDESTOS SHIPPING CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- REFRIGERATION AND ENGINEERING IMPORT COMPANY, P.O. Box 1092, Khartoum, Sudan [SUDAN]
- RENDON, Maria Fernanda, c/o DISMERCOOP, Cali, Colombia (Cedula No. 38864017 (Colombia)) (individual) [SDNT]
- RENT-A-CAR, S.A., Panama [CUBA]
- REPARACIONES Y CONSTRUCCIONES LTDA. (a.k.a. RECONSTRUYE LTDA.), Avenida 6N No. 23DN-16 of. 402, Cali, Colombia; NIT #800053838-4 (Colombia) [SDNT]
- REPRESSION OF TRAITORS (see KACH) [SDT, FTO]
- RESTREPO HERNANDEZ, Ruben Dario, c/o DISMERCOOP, Cali, Colombia (Cedula No. 10094108 (Colombia)) (individual) [SDNT]
- RESTREPO VILLEGAS, Camilio, Calle 116 No. 12-49, Bogota, Colombia; c/o FLEXOEMPAQUES LTDA., Cali, Colombia; c/o PLASTICOS CONDOR LTDA., Cali, Colombia (Cedula No. 6051150 (Colombia)) (individual) [SDNT]
- REVISTA DEL AMERICA LTDA., Calle 23AN No. 5AN-19, Cali, Colombia [SDNT]
- REVOLUTIONARY ARMED FORCES OF COLOMBIA (a.k.a. FARC; a.k.a. FUERZAS ARMADAS REVOLUCIONARIAS DE COLOMBIA) [FTO]
- REVOLUTIONARY CELLS (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]
- REVOLUTIONARY JUSTICE ORGANIZATION (see HIZBALLAH) [SDT, FTO]
- REVOLUTIONARY LEFT (see REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT) [FTO]
- REVOLUTIONARY NUCLEI (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]
- REVOLUTIONARY ORGANIZATION 17 NOVEMBER (a.k.a. 17 NOVEMBER; a.k.a. EPANASTATIKI ORGANOSI 17 NOEMVRI) [FTO]
- REVOLUTIONARY ORGANIZATION OF SOCIALIST MUSLIMS (see ABU NIDAL ORGANIZATION) [SDT, FTO]
- REVOLUTIONARY PEOPLE'S LIBERATION PARTY/FRONT (a.k.a. DEVRIMCI HALK KURTULUS PARTISI-CEPHESI; a.k.a. DHKP/C; a.k.a. DEVRIMCI SOL; a.k.a. REVOLUTIONARY LEFT; a.k.a. DEV SOL; a.k.a. DEV SOL SILAHLI DEVRIMCI BIRLIKLERI; a.k.a. DEV SOL SDB; a.k.a. DEV SOL ARMED REVOLUTIONARY UNITS) [FTO]
- REVOLUTIONARY PEOPLE'S STRUGGLE (a.k.a. EPANASTATIKOS LAIKOS AGONAS; a.k.a. ELA; a.k.a. REVOLUTIONARY POPULAR STRUGGLE; a.k.a. POPULAR REVOLUTIONARY STRUGGLE; a.k.a. JUNE 78; a.k.a. ORGANIZATION OF REVOLUTIONARY INTERNATIONALIST SOLIDARITY; a.k.a. REVOLUTIONARY NUCLEI; a.k.a. REVOLUTIONARY CELLS; a.k.a. LIBERATION STRUGGLE) [FTO]
- REVOLUTIONARY POPULAR STRUGGLE (see REVOLUTIONARY PEOPLE'S STRUGGLE) [FTO]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

REYES MURCIA, Edgar, c/o CONSTRUVIDA S.A., Cali, Colombia (Cedula No. 17181081 (Colombia)) (individual) [SDNT]

REYES, Guillermo (VERGARA), Panama City, Panama (individual) [CUBA]

REYNOLDS AND WILSON, LTD., 21 Victoria Road, Surbiton, Surrey KT6 4LK, England [IRAQ]

RICKS, Roy, 87 St. Mary's Frice, Benfleet, Essex, England (individual) [IRAQ]

RICUARTE FLOREZ, Gilma Leonor, c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia (Cedula No. 51640309 (Colombia)) (individual) [SDNT]

RIECKE, Dr. Hans Guenter, Hamburg, Germany (individual) [LIBYA]

RIONAP COMERCIO Y REPRESENTACIONES S.A., Quito, Ecuador [SDNT]

RIRA (a.k.a. 32 COUNTY SOVEREIGNTY COMMITTEE; a.k.a. 32 COUNTY SOVEREIGNTY MOVEMENT; a.k.a. IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION; a.k.a. REAL IRA; a.k.a. REAL IRISH REPUBLICAN ARMY; a.k.a. REAL OGLAIGH NA HEIREANN) [FTO]

RISTIC, Ljubisa, President of JUL (DOB 8 Feb 47) (individual) [FRYM]

RISTIC, Milorad, Director General of Niska Banka AD (individual) [FRYM]

RIVEROS TRIANA, Raul, c/o COMEDICAMENTOS S.A., Bogota, Colombia; c/o DECAFARMA S.A., Bogota, Colombia; c/o FARMACOOOP, Bogota, Colombia; c/o PATENTES MARCAS Y REGISTROS S.A., Bogota, Colombia; c/o SHARPER S.A., Bogota, Colombia; Cedula No. 3252672 (Colombia) (individual) [SDNT]

RIZO MORENO, Jorge Luis, Transversal 11, Diagonal 23-30, apt. 304A, Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o CONSTRUVIDA S.A., Cali, Colombia; c/o IMPORTADORA Y COMERCIALIZADORA LTDA., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INTERVENTORIA, CONSULTORIA Y ESTUDIOS LIMITADA INGENIEROS ARQUITECTOS, Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia; c/o PROCESADORA DE POLLOS SUPERIOR S.A., Palmira, Colombia; c/o SERVIAUTOS UNO A 1A LIMITADA, Cali, Colombia; c/o SERVICIOS INMOBILIARIOS LTDA., Cali, Colombia; Cedula No. 16646582 (Colombia) (individual) [SDNT]

ROADS AND BRIDGES PUBLIC CORPORATION, P.O. Box 756, Khartoum, Sudan [SUDAN]

ROCHA, Antonio, Panama City, Panama (individual) [CUBA]

RODAS, Luis Alberto, c/o COMERCIALIZACION Y FINANCIACION DE AUTOMOTORES S.A., Cali, Colombia; c/o CONSTRUCCIONES ASTRO S.A., Cali, Colombia; Cedula No. 16630332 (Colombia) (individual) [SDNT]

RODIC, Milan, Member of JUL Directorate; CEO Serbian Lumber Monopoly (DOB 11 Dec 48) (individual) [FRYM]

RODRIGUEZ ARBELAEZ, Maria Fernanda, c/o CREDIREBAJA S.A., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DROGAS LA REBAJA BOGOTA S.A., Bogota, Colombia; c/o INTER-AMERICANA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o INVERSIONES ARA LTDA., Cali, Colombia; c/o PRODUCCIONES CARNAVAL DEL NORTE Y COMPANIA LIMITADA, Cali, Colombia; c/o RIONAP COMERCIO Y REPRESENTACIONES S.A., Quito, Ecuador; c/o VALORES MOBILIARIOS DE OCCIDENTE S.A., Cali, Colombia; DOB 28 November 1973; Alt. DOB 28 August 1973; Passport AC568974 (Colombia); Cedula No. 66860965 (Colombia) (individual) [SDNT]

RODRIGUEZ ARBELAEZ, Carolina, c/o INVERSIONES ARA LTDA., Cali, Colombia; c/o PRODUCCIONES CARNAVAL DEL NORTE Y COMPANIA LIMITADA, Cali, Colombia; DOB 17 May 1979; Cedula No. 29117505 (Colombia) (individual) [SDNT]

RODRIGUEZ ARBELAEZ, Juan Miguel, Avenida del Lago Calle Cocli Casa 19 Ciudad Jardin, Cali, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; c/o INVERSIONES ARA LTDA., Cali, Colombia; c/o INVERSIONES RODRIGUEZ ARBELAEZ Y CIA. S.C.S., Cali, Colombia; c/o M. RODRIGUEZ O. Y CIA. S.C.S., Cali, Colombia; c/o VALORES MOBILIARIOS DE OCCIDENTE S.A., Cali, Colombia; Cedula No. 94491333 (Colombia) (individual) [SDNT]

RODRIGUEZ ARBELAEZ, Maria Fernanda, c/o CREDIREBAJA S.A., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DROGAS LA REBAJA BOGOTA S.A., Bogota, Colombia; c/o INTER-AMERICANA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o INVERSIONES ARA LTDA., Cali, Colombia; c/o PRODUCCIONES CARNAVAL DEL NORTE Y COMPANIA LIMITADA, Cali, Colombia; c/o RIONAP COMERCIO Y REPRESENTACIONES S.A., Quito, Ecuador; c/o VALORES MOBILIARIOS DE OCCIDENTE S.A., Cali, Colombia; DOB 28 November 1973; Alt. DOB 28 August 1973; Passport AC568974 (Colombia); Cedula No. 66860965 (Colombia) (individual) [SDNT]

RODRIGUEZ DE MUN~OZ, Haydee (see RODRIGUEZ DE ROJAS, Haydee) (individual) [SDNT]

- RODRIGUEZ DE ROJAS, Haydee, (a.k.a. RODRIGUEZ DE MUN- OZ, Haydee; a.k.a. RODRIGUEZ OREJUELA, Haydee), c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o CORPORACION DEPORTIVA AMERICA, Cali, Colombia; c/o CREACIONES DEPORTIVAS WILLINGTON LTDA., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o HAYDEE DE MUN- OZ Y CIA. S. EN C., Cali, Colombia; c/o RADIO UNIDAS FM S.A., Cali, Colombia; c/o SORAYA Y HAYDEE LTDA., Cali, Colombia; DOB 22 September 1940; Cedula No. 38953333 (Colombia) (individual) [SDNT]
- RODRIGUEZ LOPEZ, Sergio (see AMEZCUA CONTRERAS, Luis Ignacio) (individual) [SDNTK]
- RODRIGUEZ MONDRAGON, Alexandra (see RODRIGUEZ MONDRAGON, Maria Alexandra) (individual) [SDNT]
- RODRIGUEZ MONDRAGON, Humberto, c/o ANDINA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o CLAUDIA PILAR RODRIGUEZ Y CIA. S.C.S., Bogota, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o GRACADAL S.A., Cali, Colombia; c/o INDUSTRIAL DE GESTION DE NEGOCIOS E.U., Cali, Colombia; c/o INTERAMERICANA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o INVERSIONES MONDRAGON Y CIA. S.C.S., Cali, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o MARIELA DE RODRIGUEZ Y CIA. S. EN C., Cali, Colombia; c/o MAXITIENDAS TODO EN UNO, Cali, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o RADIO UNIDAS FM S.A., Cali, Colombia; c/o RIONAP COMERCIO Y REPRESENTACIONES S.A., Quito, Ecuador; DOB 21 June 1963; Passport AD387757 (Colombia); Cedula No. 16688683 (Colombia) (individual) [SDNT]
- RODRIGUEZ MONDRAGON, Jaime, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o CORPORACION DEPORTIVA AMERICA, Cali, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o FLEXOEMPAQUES LTDA., Cali, Colombia; c/o GRACADAL S.A., Cali, Colombia; c/o INVERSIONES MONDRAGON Y CIA. S.C.S., Cali, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o MARIELA DE RODRIGUEZ Y CIA. S. EN C., Cali, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o RIONAP COMERCIO Y REPRESENTACIONES S.A., Quito, Ecuador; DOB 30 March 1960; Passport AE426347 (Colombia); Cedula No. 16637592 (Colombia) (individual) [SDNT]
- RODRIGUEZ MONDRAGON, Maria Alexandra, (a.k.a. RODRIGUEZMONDRAGON, Alexandra), c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o CORPORACION DEPORTIVA AMERICA, Cali, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o GRACADAL S.A., Cali, Colombia; c/o INTERAMERICANA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o INVERSIONES MONDRAGON Y CIA. S.C.S., Cali, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o MARIELA DE RODRIGUEZ Y CIA. S. EN C., Cali, Colombia; c/o MARIELA MONDRAGON DE R. Y CIA. S. EN C., Cali, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o TOBOGON, Cali, Colombia; DOB 30 May 1969; alt. DOB 5 May 1969; Passport AD359106 (Colombia); Cedula No. 66810048 (Colombia) (individual) [SDNT]
- RODRIGUEZ MORENO, Juan Pablo, Carrera 65 647, Cali, Colombia; c/o INVERSIONES RODRIGUEZ MORENO, Cali, Colombia (DOB 30 July 1980) (individual) [SDNT]
- RODRIGUEZ MORENO, Miguel Andres, Carrera 65 No. 6-47, Cali, Colombia; Carrera 66 No. 6-47, Cali, Colombia; c/o INVERSIONES RODRIGUEZ MORENO, Cali, Colombia (DOB 14 July 1977; Passport No. AD253939 (Colombia); Cedula No. 94328841 (Colombia) (individual) [SDNT]
- RODRIGUEZ OREJUELA DE GIL, Amparo, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o CORPORACION DEPORTIVA AMERICA, Cali, Colombia; c/o CREACIONES DEPORTIVAS



- WILLINGTON LTDA., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o RADIO UNIDAS FM S.A., Cali, Colombia; DOB 13 March 1949; Passport AC342062 (Colombia); Cedula No. 31218703 (Colombia) (individual) [SDNT]
- RODRIGUEZ OREJUELA, Gilberto, (a.k.a. "The Chess Player"; a.k.a. "Lucas"), Cali, Colombia (DOB 31 January 1939; Passports T321642 (Colombia), 77588 (Argentina), 10545599 (Venezuela); Cedula No. 6068015 (Colombia)) (individual) [SDNT]
- RODRIGUEZ OREJUELA, Haydee (see RODRIGUEZ DE ROJAS, Haydee) (individual) [SDNT]
- RODRIGUEZ OREJUELA, Miguel Angel, (a.k.a. "El Sen~or"; a.k.a. "Patricia"; a.k.a. "Patricio"; a.k.a. "Patty"; a.k.a. "Pat"; a.k.a. "Manuel"; a.k.a. "Manolo"; a.k.a. "Mike"; a.k.a. "Mauro"; a.k.a. "Doctor M.R.O."), Casa No. 19, Avenida Lago, Ciudad Jardin, Cali, Colombia (DOB 23 November 1943; alt. DOB 15 August 1943; Cedula No. 6095803 (Colombia)) (individual) [SDNT]
- RODRIGUEZ RAMIREZ, Claudia Pilar (Patricia), c/o CLAUDIA PILAR RODRIGUEZ Y CIA. S.C.S., Bogota, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; c/o D'CACHE S.A., Cali, Colombia; c/o DEPOSITO POPULAR DE DROGAS S.A., Cali, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS LA REBAJA S.A., Bogota, Colombia; c/o DISTRIBUIDORA MIGIL LTDA., Cali, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o GRACADAL S.A., Cali, Colombia; c/o INTERAMERICANA DE CONSTRUCCIONES S.A., Cali, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; DOB 30 June 1963; alt. DOB 30 August 1963; alt. DOB 1966; Passports 007281 (Colombia), P0555266 (Colombia); Cedula No. 51741013 (Colombia) (individual) [SDNT]
- RODRIGUEZ, Jorge Enrique, c/o DISMERCOP, Cali, Colombia (Cedula No. 16202232 (Colombia)) (individual) [SDNT]
- RODRIGUEZ, Manuel, c/o ALFA PHARMA S.A., Cali, Colombia; c/o LABORATORIOS KRESSFOR, Bogota, Colombia (Cedula No. 17171485 (Colombia)) (individual) [SDNT]
- RODRIGUEZ, Jesus (BORGES or BORJES), Panama (individual) [CUBA]
- RODRIGUEZ, Jose Julio, Chairman, Havana International Bank, 20 Ironmonger Lane, London EC2V 8EY, England (individual) [CUBA]
- ROJAS GALARZA, Carmen Amparo, Carrera 35 No. 10-130, Cali, Colombia; c/o CREDIREBAJA S.A., Cali, Colombia; Cedula No. 34511289 (Colombia) (individual) [SDNT]
- ROJAS MEJIA, Hernan, Calle 2A Oeste No. 24B-45 apt. 503A, Cali, Colombia; Calle 6A No. 9N-34, Cali, Colombia; c/o COLOR 89.5 FM STEREO, Cali, Colombia; c/o CONSTRUCCIONES COLOMBO-ANDINAS LTDA., Bogota, Colombia; c/o INVERSIONES Y CONSTRUCCIONES ABC S.A., Cali, Colombia; c/o OCCIDENTAL COMUNICACIONES LTDA., Cali, Colombia; DOB 28 Aug 1948; Cedula No. 16242661 (Colombia) (individual) [SDNT]
- ROJAS ORTIS, Rosa, c/o ALFA PHARMA S.A., Cali, Colombia (Cedula No. 26577444 (Colombia)) (individual) [SDNT]
- ROMAN DOMINGUEZ, Erika, c/o TAURA S.A., Cali, Colombia; Cedula No. 66955540 (Colombia) (individual) [SDNT]
- ROMEO, Charles (a.k.a. ROMEO, Charles Henri Robert), Panama (individual) [CUBA]
- ROMEO, Charles Henri Robert (a.k.a. ROMEO, Charles), Panama (individual) [CUBA]
- ROMERO, Antonio (a.k.a. ALCIDES MAGANA, Ramon; a.k.a. ALCIDES MAGANE, Ramon; a.k.a. ALCIDES MAYENA, Ramon; a.k.a. ALCIDEZ MAGANA, Ramon; a.k.a. GONZALEZ QUIONES, Jorge; a.k.a. MAGANA ALCIDES, Ramon; a.k.a. MAGANA, Jorge; a.k.a. MAGNA ALCIDEDES, Ramon; a.k.a. MATA, Alcides; a.k.a. RAMON MAGANA, Alcedis; a.k.a. RAMON MAGANA, Alcides); DOB 4 Sep 1957 (individual) [SDNTK]
- ROPERT, Miria Contreras (a.k.a. CONTRERAS, Miria), Paris, France (individual) [CUBA]
- ROQUE, Roberto (PEREZ), Panama (individual) [CUBA]
- ROSALES DIAZ, Hector Emilio, c/o ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Cali, Colombia; c/o COMPAN~IA ADMINISTRADORA DE VIVIENDA S.A., Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia; c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia; c/o MERCAVICOLA LTDA., Cali, Colombia; Cedula No. 16588924 (Colombia) (individual) [SDNT]
- ROZO C., Miguel, c/o CONSTRUCTORA ALTOS DEL RETIRO LTDA., Bogota, Colombia (Cedula No. 17093270 (Colombia)) (individual) [SDNT]

## Ch. V, App. A

## 31 CFR Ch. V (7-1-02 Edition)

ROZO VARON, Luis Carlos, c/o BLANCO PHARMA S.A., Bogota, Colombia; c/o FARMATODO S.A., Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia; c/o LABORATORIOS KRESSFOR, Bogota, Colombia; Cedula No. 5838525 (Colombia) (individual) [SDNT]

RUEDA FAJARDO, Herberth Gonzalo, c/o FARMACOOOP, Bogota, Colombia; c/o LABORATORIOS GENERICOS VETERINARIOS, Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 12126395 (Colombia)) (individual) [SDNT]

RUIZ HERNANDEZ, Gregorio Rafael, c/o COMERCIALIZADORA OROBANCA, Cali, Colombia (DOB 20 May 1963; Cedula No. 16823501 (Colombia)) (individual) [SDNT]

RUIZ, Ramon Miguel (POO), Panama (individual) [CUBA]

RZOOKI, Hanna, Chairman of REAL ESTATE BANK, Iraq (individual) [IRAQ]

S.M.I. SEWING MACHINES ITALY S.P.A., Italy [IRAQ]

SAAVEDRA RESTREPO, Jesus Maria, Calle 5 No. 46-83 Local 119, Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUCTORA DIMISA LTDA., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (DOB 10 July 1958; Cedula No. 16603482 (Colombia)) (individual) [SDNT]

SABTINA LIMITED, 530-532 Elder House, Elder Gate, Central Milton Keynes MK9 1LR, England [LIBYA]

SACKS FACTORY (a.k.a. PLASTIC SACKS FACTORY), P.O. Box 2328, Khartoum, Sudan [SUDAN]

SAHABI OIL FIELD PROJECT, P.O. Box 982, Tripoli, Libya [LIBYA]

SAHARA BANK (22 branches in Libya) [LIBYA]

SAHARA BANK, 10 First September Street, P.O. Box 270, Tripoli, Libya [LIBYA]

SA-ID (see IZZ-AL-DIN, Hasan) (individual) [SDGT]

SA'ID, Shaykh (a.k.a. AHMAD, Mustafa Muhammad) (POB Egypt) (individual) [SDGT]

SAINOVIC, Nikola, Ex-Deputy Prime Minister, Federal Republic of Yugoslavia; (ICTY indictee) (DOB 7 Dec 48; POB Bor, Serbia) (individual) [FRYM]

SAIYID, Abd Al-Man'am (see AGHA, Haji Abdul Manan) (individual) [SDGT]

SAKALA, Alcides (see SIMOES, Alcides Sakala) (individual) [UNITA]

SALAFIST GROUP FOR CALL AND COMBAT (a.k.a. GSPC; a.k.a. LE GROUPE SALAFISTE POUR LA PREDICATION ET LE COMBAT) [SDGT]

SALAH, Mohammad Abd El-Hamid Khalil (a.k.a. AHMAD, Abu; a.k.a. AHMED, Abu; a.k.a. SALAH, Mohammad Abdel Hamid Halil; a.k.a. SALAH, Muhammad A.), 9229 South Thomas, Bridgeview, Illinois 60455, U.S.A.; P.O. Box 2578, Bridgeview, Illinois 60455, U.S.A.; P.O. Box 2616, Bridgeview, Illinois 60455-661, U.S.A.; Israel (DOB 5/30/53, SSN 342-52-7612, passport no. 024296248 (U.S.A.)) (individual) [SDT]

SALAH, Muhammad (a.k.a. HASANAYN, Nasr Fahmi Nasr) (individual) [SDGT]

SALAZAR, Jose Leonel, c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (individual) [SDNT]

SALCEDO RAMIREZ, Jamie, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (Cedula No. 16706222 (Colombia)) (individual) [SDNT]

SALCEDO RAMIREZ, Nhora Clemencia, c/o ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Cali, Colombia; c/o INMOBILIARIA BOLIVAR LTDA., Cali, Colombia (Cedula No. 31273613 (Colombia)) (individual) [SDNT]

SALDARRIAGA ACEVEDO, Carlos Omar, Calle 9B No. 50-100 apt. 102, Cali, Colombia; c/o RADIO UNIDAS FM S.A., Cali, Colombia (DOB 16 January 1954; Cedula No. 14998632 (Colombia)) (individual) [SDNT]

SALEH (see ABDULLAH, Abdullah Ahmed) (individual) [SDGT]

SALEM, Fahid Muhammad Ali (see MSALAM, Fahid Mohammed Ally) (individual) [SDGT]

SALIH, Abd al-Munim Ahmad (a.k.a. SALEH, Abdel Moneim Ahmad), Minister of Awqaf and Religious Affairs, Iraq (DOB 1943) (individual) [IRAQ]

SALIM, Ahmad Fuad (see AL-ZAWAHIRI, Ayman) (individual) [SDT] [SDGT]

SALIM, Hassan Rostom (see ATWA, Ali) (individual) [SDGT]

SALINA AGUILAR, Jorge (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GULLEN, Osiel; a.k.a. CARDENAS TUILLEN, Osiel; a.k.a. SALINAS AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]

SALINAS AGUILAR, Jorge (a.k.a. CARDENAS CASTILLO, Osiel; a.k.a. CARDENAS GILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GUILLEN, Oscar; a.k.a. CARDENAS GUILLEN, Osiel; a.k.a. CARDENAS GUILLEN, Oziel; a.k.a. CARDENAS GULLEN, Osiel; a.k.a. SALINA AGUILAR, Jorge) DOB 18 May 1967; POB Mexico (individual) [SDNTK]

SALWWAN, Samir (see IZZ-AL-DIN, Hasan) (individual) [SDGT]

SAMARIA ARRENDAMIENTO, Cali, Colombia [SDNT]

SAMARIA CAN-AS, Cali, Colombia [SDNT]

## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

SAMARIA INTERESES, Cali, Colombia [SDNT]

SAMARIA LTDA., Cali, Colombia [SDNT]

SAMARIA TIERRAS, Cali, Colombia [SDNT]

SAN MATEO S.A. (f.k.a. INVERSIONES BETANIA LTDA.; f.k.a. INVERSIONES BETANIA S.A.), Avenida 2N No. 7N-55 of. 501, Cali, Colombia; Carrera 53 No. 13-55 apt. 102B, Cali, Colombia; Carrera 3 No. 12-40, Cali, Colombia; NIT #890330910-2 (Colombia) [SDNT]

SAN VICENTE S.A. (f.k.a. INVERSIONES INVERVALLE S.A.; f.k.a. INVERVALLE S.A.), Avenida 2N No. 7N-55 of. 501, Cali, Colombia; Calle 70N No. 14-31, Cali, Colombia; Avenida 4 Norte No. 17N-43 L.1, Cali, Colombia; NIT #800061212-8 (Colombia) [SDNT]

SANCHEZ DE VALENCIA, Dora Gladys, c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (DOB 7 August 1955; Cedula No. 31273248 (Colombia)) (individual) [SDNT]

SANDRANA CAN-AS, Cali, Colombia [SDNT]

SANTACRUZ CASTRO, Ana Milena, c/o AUREAL INMOBILIARIA LTDA., Bogota, Colombia; c/o COMERCIALIZACION Y FINANCIACION DE AUTOMOTORES S.A., Cali, Colombia; c/o INMOBILIARIA SAMARIA LTDA., Cali, Colombia; c/o INVERSIONES EL PASO LTDA., Cali, Colombia; c/o INVERSIONES INTEGRAL LTDA., Cali, Colombia; c/o INVERSIONES SANTA LTDA., Cali, Colombia; c/o MIRALUNA LTDA., Cali, Colombia; c/o SAMARIA LTDA., Cali, Colombia; c/o SOCIEDAD CONSTRUCTORA LA CASCADA S.A., Cali, Colombia; c/o URBANIZACIONES Y CONSTRUCCIONES LTDA. DE CALI, Cali, Colombia; DOB 31 March 1965; Passports 31929808 (Colombia), AB151189 (Colombia); Cedula No. 31929808 (Colombia) (individual) [SDNT]

SANTACRUZ LONDON-O, Jose, (a.k.a. "Chepe"; a.k.a. "Don Chepe"; a.k.a. "El Gordo Chepe"; a.k.a. "07"), Cali, Colombia (DOB 1 October 1943; Passport AB149814 (Colombia); Cedula No. 14432230 (Colombia)) (individual) [SDNT]

SANTAMARINA DE LA TORRE, Rafael Garcia (a.k.a. GARCIA SANTAMARINA DE LA TORRE, Alfredo Rafael), Panama (individual) [CUBA]

SANTO, Anabel, Avenida Insurgentes Sur No. 421, Bloque B Despacho 404, C.P. 06100, Mexico, D.F., Mexico (individual) [CUBA]

SAPALALO, Altino Bango "Bock," General of UNITA; DOB 5 November 1954; POB Andulo, Bie Province, Angola (individual) [UNITA]

SARMIENTO MARTINEZ, Diana, c/o TAURA S.A., Cali, Colombia; Cedula No. 65698369 (Colombia) (individual) [SDNT]

SARRIA HOLGUIN, Ramiro Hernan (Robert), Avenida 6N No. 23D-16 of. L301, Cali, Colombia; Carrera 100 No. 11-60 of. 603, AA 20903, Cali, Colombia; c/o INVERSIONES ARA LTDA., Cali, Colombia; c/o INVERSIONES MIGUEL RODRIGUEZ E HIJO, Cali, Colombia; c/o INVERSIONES RODRIGUEZ ARBELAEZ, Cali, Colombia; c/o INVERSIONES RODRIGUEZ MORENO, Cali, Colombia; c/o REPARACIONES Y CONSTRUCCIONES LTDA., Cali, Colombia; c/o VALORES MOBILIARIOS DE OCCIDENTE S.A., Cali, Colombia; Cedula No. 6078583 (Colombia) (individual) [SDNT]

SAUDI, Abdullah Ammar, Manama, Bahrain (individual) [LIBYA]

SAVIMBI, Jonas Malheiro, President and Founder of UNITA; DOB 3 August 1934; POB Munhango, Bie Province, Angola (individual) [UNITA]

SAVING AND REAL ESTATE INVESTMENT BANK, P.O. Box 2297, Shoman Street, Fashoum, Tripoli, Libya (24 branches in Libya) [LIBYA]

SAZEMAN-E MUJAHEDIN-E KHALQ-E IRAN (see MUJAHEDIN-E KHALQ ORGANIZATION) [FTO]

SCHMITT, Rogerio Eduardo, Praca Pio X, 54-10o Andar, CEP 20091, Rio De Janeiro, Brazil (individual) [IRAQ]

SEBHA FODDER PLANT, Libya [LIBYA]

SEBHA GRAIN MILL, Libya [LIBYA]

SEBHA ROADS AND CONSTRUCTION CO., P.O. Box 92, Sebha, Libya; P.O. Box 8264, Tripoli, Libya [LIBYA]

SEKULIC, Zarko, Director-General of Agrobanka AD (individual) [FRY]

SELEMI, Rexhep, Commander, Guard & Rapid Reaction Group of Kosovo Protection Corps (KPC) (DOB: 15 Mar 1971; POB: Iglarevo, FRY) (individual) [BALKANS]

SENANQUE SHIPPING CO. LTD., c/o EMPRESA DE NAVEGACION CARIBE, Edificio Lonja del Comercio, Lamparilla 2, Caja Postal 1784, Havana 1, Cuba [CUBA]

SENDERO LUMINOSO (see SHINING PATH) [FTO]

SEPULVEDA SEPULVEDA, Manuel Salvador, c/o ALKALA ASOCIADOS S.A., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; c/o INVHERESA S.A., Cali, Colombia; Cedula No. 16855038 (Colombia) (individual) [SDNT]

SERNA, Maria Norby, c/o ALKALA ASOCIADOS S.A., Cali, Colombia; c/o INVHERESA S.A., Cali, Colombia; Cedula No. 29475049 (Colombia) (individual) [SDNT]

SERRANO, Jose Delio, c/o DISMERCOOP, Cali, Colombia (Cedula No. 16711205 (Colombia)) (individual) [SDNT]

SERVIAUTOS UNO A 1A LIMITADA, (a.k.a. DIAGNOSTICENTRO LA GARANTIA), Calle 34 No. 5A-25, Cali, Colombia; Carrera 15 No. 44-68, Cali, Colombia; NIT #800032413-8 (Colombia) [SDNT]

SERVICIOS FARMACEUTICOS SERVIFAR S.A. (a.k.a. SERVIFAR S.A.), Carrera 4 No. 31-96, Cali, Colombia; NIT #805003968-8 (Colombia) [SDNT]

- SERVICIOS INMOBILIARIOS LTDA., Carrera 65 No. 13-82, Cali, Colombia; Avenida 2N No. 7N-55 of. 605, Cali, Colombia [SDNT]
- SERVICIOS SOCIALES LTDA., Barranquilla, Colombia [SDNT]
- SERVIFAR S.A. (see SERVICIOS FARMACEUTICOS SERVIFAR S.A.) [SDNT]
- SERVIMPEX, S.A., Panama [CUBA]
- SERVINAVES, S.A., Panama [CUBA]
- SHAKIRI, Hisni, Member of National Liberation Army (NLA) (DOB: 1 Mar 1949; POB: Otlja, FYROM) (individual) [BALKANS]
- SHALLOUF, Farag Al Amin, P.O. Box 9575/11, 1st Floor, Piccadilly Centre, Hamra Street, Beirut, Lebanon; Vali Conagi Cad. No. 10, 80200 Nisantasi, P.O. Box 380, 802323 Sisli, Istanbul, Turkey (individual) [LIBYA]
- SHANAB, Tariq Abu, Musherfeh, P.O. Box 766, Zarka, Jordan (individual) [IRAQ]
- SHANSHAL, Abd al-Jabbar Khalil, Minister of State for Military Affairs, Iraq (DOB 1920) (individual) [IRAQ]
- SHAQAQI, Fathi, Secretary General of PALESTINIAN ISLAMIC JIHAD-SHIQAQI (individual) [SDT]
- SHAQIRI, Shaqir, Member of Liberation Army of Presevo, Medvedja, and Bujanovac (UCPMB) (DOB: 1 Sep 1964; POB: FRY) (individual) [BALKANS]
- SHARIF, Bashir M., Dat El Imad Administrative Complex Tower No. 2, P.O. Box 2542, Tripoli, Libya (individual) [LIBYA]
- SHARIF, Bashir M., Vali Konagi Cad. No. 10, 80200 Nistantas, Istanbul, Turkey (individual) [LIBYA]
- SHARPER S.A., Calle 17A No. 28A-43, Bogota, Colombia; Calle 12B No. 28-58, Bogota, Colombia; Calle 12B No. 28-70, Bogota, Colombia; Calle 16 No. 28A-42, Bogota, Colombia; Calle 16 No. 28A-57, Bogota, Colombia; NIT #830026833-2 (Colombia) [SDNT]
- SHELL PETROLEUM DEVELOPMENT CO. OF LIBYA, P.O. Box 1420, Benghazi, Libya [LIBYA]
- SHEREIK MICA MINES COMPANY (a.k.a. SHEREIK MICA PROJECT), c/o SUDANESE MINING CORPORATION, P.O. Box 1034, Khartoum, Sudan [SUDAN]
- SHEREIK MICA PROJECT (see SHEREIK MICA MINES COMPANY) [SUDAN]
- SHERLALA, Kassem M., P.O. Box 2438, Usama Bldg., 1st September Street, Tripoli, Libya (individual) [LIBYA]
- SHIEB, Ahmed (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- SHIHATA, Thirwat Salah (a.k.a. ABDALLAH, Tarwat Salah; a.k.a. THIRWAT, Salah Shihata; a.k.a. THIRWAT, Shahata) (DOB 29 Jun 60; POB Egypt) (individual) [SDGT]
- SHINING PATH (a.k.a. SENDERO LUMINOSO; a.k.a. SL; a.k.a. PARTIDO COMUNISTA DEL PERU EN EL SENDERO LUMINOSO DE JOSE CARLOS MARIATEGUI (COMMUNIST PARTY OF PERU ON THE SHINING PATH OF JOSE CARLOS MARIATEGUI); a.k.a. PARTIDO COMUNISTA DEL PERU (COMMUNIST PARTY OF PERU); a.k.a. PCP; a.k.a. SOCORRO POPULAR DEL PERU (PEOPLE'S AID OF PERU); a.k.a. SPP; a.k.a. EJERCITO GUERRILLERO POPULAR (PEOPLE'S GUERRILLA ARMY); a.k.a. EGP; a.k.a. EJERCITO POPULAR DE LIBERACION (PEOPLE'S LIBERATION ARMY); a.k.a. EPL) [FTO]
- SHIPLEY SHIPPING CORP., Panama [CUBA]
- SHOFESO, Olatude I. (see OGUNGBUYI, Oluwole A.) (individual) [SDNTK]
- SHOFESO, Olatunde Irewole (see OGUNGBUYI, Oluwole A.) (individual) [SDNTK]
- SHOFESO, Olatutu Temitope (see OGUNGBUYI, Abeni O.) (individual) [SDNTK]
- SHUAIB (see ALI, Ahmed Mohammed Hamed) (individual) [SDGT]
- SIALA, Mohamed Taher Hammuda, Tripoli, Libya (individual) [LIBYA]
- SIBONEY INTERNACIONAL, S.A., Edificio Balmoral, 82 Via Argentina, Panama City, Panama [CUBA]
- SIBONEY INTERNACIONAL, S.A., Venezuela [CUBA]
- SIEIRO DE NORIEGA, Felicidad, Panama (individual) [CUBA]
- SILOS AND STORAGE CORPORATION, P.O. Box 1183, Khartoum, Sudan [SUDAN]
- SILVA PERDOMO, Alejandro, c/o COMERCIALIZADORA DE CARNES LTDA., Pereira, Colombia; c/o CONSTRUVIDA S.A., Avenida 2N No. 7N-55 y No. 521, Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; Cedula No. 14983500 (Colombia) (individual) [SDNT]
- SIM, Gilberto F., Praca Pio X, 54-10o Andar, CEP 20091, Rio De Janeiro, Brazil (individual) [IRAQ]
- SIMANOVIC, Vojislav, General Manager of PKB; President of JUL Comm. for Agri. (DOB 23 Sep 53) (individual) [FRYM]
- SIMIC, Blagoje, (ICTY indictee, Bosnian Serb) (DOB 1 Jul 60; POB Kruskovo, Polje) (individual) [FRYM]
- SIMOES, Alcides Sakala (a.k.a. SAKALA, Alcides; a.k.a. TCHACALA, Alcides), UNITA Foreign Affairs Secretary; DOB 23 December 1953; POB Bailundo, Huambo Province, Angola (individual) [UNITA]
- SIRM HOLDING S.R.L., Rome, Italy [LIBYA]
- SIRTE OIL CO. FOR PRODUCTION MANUFACTURING OIL & GAS MARSA EL BREGA (a.k.a. SIRTE OIL COMPANY), Marsa El Brega, Libya [LIBYA]
- SIRTE OIL CO. FOR PRODUCTION MANUFACTURING OIL & GAS MARSA EL

- BREGA (a.k.a. SIRTE OIL COMPANY), P.O. Box 2582, Tripoli, Libya [LIBYA]
- SIRTE OIL CO. FOR PRODUCTION MANUFACTURING OIL & GAS MARSA EL BREGA (a.k.a. SIRTE OIL COMPANY), P.O. Box 385, Tripoli, Libya [LIBYA]
- SIRTE OIL CO. FOR PRODUCTION MANUFACTURING OIL & GAS MARSA EL BREGA (a.k.a. SIRTE OIL COMPANY), Benghazi, Libya [LIBYA]
- SIRTE OIL CO. FOR PRODUCTION MANUFACTURING OIL & GAS MARSA EL BREGA (a.k.a. SIRTE OIL COMPANY), Sirte Field, Libya [LIBYA]
- SL (see SHINING PATH) [FTO]
- SLAHI, Mahamedou Ould (see ABU HAFS THE MAURITANIAN) (individual) [SDGT]
- SLIJIVANCANIN, Veselin, (ICTY indictee, Serb) (DOB 13 Jun 53) (individual) [FRYM]
- SOCIALIST EST. FOR SPINNING AND WEAVING, P.O. Box 852, Benghazi, Libya; Zanzour Km. 15, P.O. Box 30186, Tripoli, Libya [LIBYA]
- SOCIEDAD COMERCIAL Y DEPORTIVA LTDA., Carrera 34 Diag. 29-86 Estadio Pascual Guerrero, Cali, Colombia; Carrera 34 Diag. 29-05, Cali, Colombia; Carrera 34 Diagonal 29 Estadio, Cali, Colombia; NIT #800141329-4 (Colombia) [SDNT]
- SOCIEDAD CONSTRUCTORA LA CASCADA S.A. (a.k.a. CONSTRUCTORA CASCADA), Calle 13 3-32 piso 12 y piso 14, Cali, Colombia; Calle 1A 62A-120, Cali, Colombia; Calle 1A 62A-120 2305, Cali, Colombia; Calle 1A 62A-120 2418, Cali, Colombia; Calle 1A 62A-120 4114, Cali, Colombia; Calle 1A 62A-120 6245, Cali, Colombia; Calle 1A 62A-120 B2 108, Cali, Colombia; Carrera 4 12-41 of. 1401, Cali, Colombia; Carrera 4 No. 12-41 of. 1403, Cali, Colombia; Carrera 64 1B-83, Cali, Colombia; Carrera 64 1C-63, Cali, Colombia [SDNT]
- SOCIEDAD CONSTRUCTORA Y ADMINISTRADORA DEL VALLE LTDA. (a.k.a. SOCOVALLE LTDA.), Avenida 2N No. 7N-55 of. 601-602, Cali, Colombia [SDNT]
- SOCIETA COMMERCIA MINERALI E METTALLI, SRL (a.k.a. SOCOMET, SPA), Milan, Italy [CUBA]
- SOCIETE AGRICOLE TOGOLAISE ARABE LIBYENNE, Lome, Togo [LIBYA]
- SOCIETE ARABE LIBYENNE-CENTRAFRICAINE D'IMPORT-EXPORT, Bangui, Central African Republic [LIBYA]
- SOCIETE ARABE LIBYENNE MALIENNE POUR L'AGRICULTURE ET L'ELEVAGE (a.k.a. SOLIMA), Bamako, Mali [LIBYA]
- SOCIETE ARABE LIBYENNE MAURITANIENNE DES RESSOURCES MARITIMES (a.k.a. SALIMAUREM), Nouadhibou, Mauritania [LIBYA]
- SOCIETE ARABE LIBYO-GUINEENNE POUR LE DEVELOPPEMENT AGRICOLE ET AGRO-INDUSTRIEL (a.k.a. SALGUIDIA), Conakry, Guinea [LIBYA]
- SOCIETE ARABE LIBYO-NIGERE POUR LE DEVELOPPEMENT ET LA COMMERCIALISATION DES PRODUITS AGRICOLES, Niamey, Niger [LIBYA]
- SOCIETE ARABE LIBYO-TUNISIENNE DE TRANSPORT MARITIME, Tunis, Tunisia [LIBYA]
- SOCIETE D'ECONOMIE MIXTE CENTRE AFRICAINE LIBYENNE DES PRODUITS AGRICOLES, Bangui, Central African Republic [LIBYA]
- SOCIETE DE RECHERCHE ET D'EXPLOITATION COMMUNE ET DE SERVICE PETROLIERE (a.k.a. JOINT EXPLORATION, EXPLOITATION AND PETROLEUM SERVICES COMPANY; a.k.a. JOINT OIL; a.k.a. JOINT OIL TUNISIA; a.k.a. LIBYAN-TUNISIAN EXPLORATION COMPANY), B.P. 350 Houmt Souk 4180, Djerba Island, Tunisia [LIBYA]
- SOCIETE DE RECHERCHE ET D'EXPLOITATION COMMUNE ET DE SERVICE PETROLIERE (a.k.a. JOINT EXPLORATION, EXPLOITATION AND PETROLEUM SERVICES COMPANY; a.k.a. JOINT OIL; a.k.a. JOINT OIL TUNISIA; a.k.a. LIBYAN-TUNISIAN EXPLORATION COMPANY), Planning & Logistic Group complex, Port of Zarzis, Tunisia [LIBYA]
- SOCIETE DE RECHERCHE ET D'EXPLOITATION COMMUNE ET DE SERVICE PETROLIERE (a.k.a. JOINT EXPLORATION, EXPLOITATION AND PETROLEUM SERVICES COMPANY; a.k.a. JOINT OIL; a.k.a. JOINT OIL TUNISIA; a.k.a. LIBYAN-TUNISIAN EXPLORATION COMPANY), 7th of November offshore field, Gulf of Gabes [LIBYA]
- SOCIETE LIBYENNE CENTRE AFRICAINE DES MINES, Bangui, Central African Republic [LIBYA]
- SOCIETE MAGHREBINE D'INVESTISSEMENT ET DE PARTICIPATION (a.k.a. SMIP), 47, Avenue Kheireddine Pacha, 1002 Tunis, Tunisia [LIBYA]
- SOCIETE MIXTE RWANDO-ARABE LIBYENNE DE PROMOTION HOTELIERE ET TOURISTIQUE AU RWANDA, Kigali, Rwanda [LIBYA]
- SOCIETE MIXTE RWANDO ARABE LIBYENNE POUR LE DEVELOPPEMENT ET LA COMMERCIALISATION DES PRODUITS AGRICOLES ET D'ELEVAGE, Kigali, Rwanda [LIBYA]
- SOCIETE TOGOLAISE ARABE LIBYENNE DE PECHE, Lome, Togo [LIBYA]
- SOCIETY OF ISLAMIC COOPERATION (see JAM'YAH TA'AWUN AL-ISLAMIA) [SDGT]
- SOCORRO POPULAR DEL PERU (PEOPLE'S AID OF PERU) (see SHINING PATH) [FTO]
- SOKOLOVACKI, Zivko, Member of JUL Directorate; Chairman of the Board, Nis (individual) [FRYM]

## Ch. V, App. A

## 31 CFR Ch. V (7-1-02 Edition)

- SOLAQUE SANCHEZ, Alfredo, c/o ALFA PHARMA S.A., Bogota, Colombia; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia; c/o PENTA PHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o PENTACOOPT LTDA., Bogota, Colombia (Cedula No. 79261845 (Colombia)) (individual) [SDNT]
- SOMBOON, Kadumporn (see WEI, Hsueh Kang) (individual) [SDNTK]
- SONAR F.M. E.U. DIETER MURRELE (a.k.a. FIESTA STEREO 91.5 F.M.; a.k.a. PRISMA STEREO 89.5 F.M.), Calle 15 Norte No. 6N-34 of. 1003, Cali, Colombia; Calle 43A No. 1-29 Urb. Sta. Maria del Palmar, Palmira, Colombia; NIT #805006273-1 (Colombia) [SDNT]
- SONAR F.M. S.A. (f.k.a. COLOR STEREO S.A.; f.k.a. COLOR'S S.A.; f.k.a. RADIO UNIDAS FM S.A.), Calle 15 Norte No. 6N-34 piso 15 Edificio Alcazar, Cali, Colombia; Calle 19N No. 2N-29 piso 10 Sur, Cali, Colombia; NIT #800163602-5 (Colombia) [SDNT]
- SORAYA Y HAYDEE LTDA., Calle 15 Norte No. 6N-34, Piso 15, Cali, Colombia; NIT #805000643-6 (Colombia) [SDNT]
- SORMAN FODDER PLANT, Libya [LIBYA]
- SOSSA RIOS, Diego Alberto, (a.k.a. SOSA RIOS, Diego Alberto), Calle 46 No. 13-56 of. 111, Bogota, Colombia; c/o BONOMERCAD S.A., Bogota, Colombia; c/o DECAFARMA S.A., Bogota, Colombia; c/o DISTRIBUIDORA AGROPECUARIA COLOMBIANA S.A.; c/o FARMACOOPT, Bogota, Colombia; c/o INVERSIONES BOMBAY S.A., Bogota, Colombia; c/o PENTAPHARMA DE COLOMBIA S.A., Bogota, Colombia; c/o SHARPER S.A., Bogota, Colombia; Cedula No. 71665932 (Colombia) (individual) [SDNT]
- SOTO CELIS, Oscar, c/o COPSERVIR LTDA., Bogota, Colombia (Cedula No. 16546889 (Colombia)) (individual) [SDNT]
- SOTO GUTIERREZ, Hernan, c/o INVERSIONES ARIO LTDA, Cali, Colombia (individual) [SDNT]
- SOUK EL KHAMIS CEMENT CO., Libya [LIBYA]
- SOUK EL KHAMIS GENERAL CEMENT AND BUILDING MATERIALS CORP., Tarhuna, Sharia Bou Harida, P.O. Box 1084, Tripoli, Libya [LIBYA]
- SOUK EL KHAMIS LIME FACTORY, Libya [LIBYA]
- SOUSA SHIPPING AND STEVEDORING EST., P.O. Box 2973, Benghazi, Libya [LIBYA]
- SOUTH ISLAND SHIPPING CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- SOUZA, Francisco Antonio, Praca Pio X, 54-10o Andar, CEP 20091, Rio De Janeiro, Brazil (individual) [IRAQ]
- SPECKMAN, Jeanine, England (individual) [IRAQ]
- SPINNING AND WEAVING CORPORATION, P.O. Box 795, Khartoum, Sudan [SUDAN]
- SPP (see SHINING PATH) [FTO]
- STANDWEAR SHIPPING CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- STANKOVIC, Radovan, (ICTY indictee, Bosnian Serb) (DOB 10 Mar 69; POB Trebica) (individual) [FRYM]
- STANKOVIC, Srboljub, Director of NIS Naftagas; Member of JUL Directorate (DOB 1940) (individual) [FRYM]
- STATE CORPORATION FOR CINEMA, P.O. Box 6028, Khartoum, Sudan [SUDAN]
- STATE OF JUDEA (see KACH) [SDT, FTO]
- STATE TRADING COMPANY (a.k.a. STATE TRADING CORPORATION), P.O. Box 211, Khartoum, Sudan [SUDAN]
- STAVROU, Stavros, Cyprus (individual) [LIBYA]
- STERN, Alfred Kaufman, Prague, Czech Republic (individual) [CUBA]
- STOJILJKOVIC, Vljako, Ex-Minister of the Interior, Serbia; (ICTY indictee) (DOB 1937; POB Mala Krsna, Serbia) (individual) [FRYM]
- STUDENTS OF AYYASH (see HAMAS) [SDT, FTO]
- STUDENTS OF THE ENGINEER (see HAMAS) [SDT, FTO]
- SUANI GYPSUM PLANT, Libya [LIBYA]
- SUDAN AIR (a.k.a. SUDAN AIRWAYS), P.O. Box 253, Khartoum, Sudan; Bahrain; Chad; Egypt; Ethiopia; Germany; Greece; Italy; Kenya; Kuwait; Nigeria; Saudi Arabia; Uganda; United Arab Emirates; England (and perhaps elsewhere in the United Kingdom); 211 East 43rd Street, New York, New York 10017, U.S.A.; 199 Atlantic Avenue, Brooklyn, New York, New York 11201-5606 U.S.A. [SUDAN]
- SUDAN COMMERCIAL BANK, P.O. Box 1116, Al-Qasr Avenue, Khartoum, Sudan; P.O. Box 182, El Gadaref, Sudan; P.O. Box 412, El Obeid, Sudan; P.O. Box 1174, Khartoum, Sudan; P.O. Box 570, Port Sudan, Sudan [SUDAN]
- SUDAN COTTON COMPANY, Khartoum, Sudan [SUDAN]
- SUDAN COTTON COMPANY LIMITED, P.O. Box 1672, Khartoum, Sudan [SUDAN]
- SUDAN DEVELOPMENT CORPORATION, Street 21, P.O. Box 710, Khartoum, Sudan [SUDAN]
- SUDAN EXHIBITION AND FAIRS CORPORATION, P.O. Box 2366, Khartoum, Sudan [SUDAN]
- SUDAN OIL CORPORATION, P.O. Box 2, Khartoum North, Sudan [SUDAN]
- SUDAN OIL SEEDS COMPANY LIMITED, P.O. Box 167, Khartoum, Sudan; Nyala,

- Sudan; Obied, Sudan; Port Sudan, Sudan; Tandalty, Sudan [SUDAN]
- SUDAN PETROLEUM COMPANY LIMITED (see SUDAPET LTD.) [SUDAN]
- SUDAPET (see SUDAPET LTD.) [SUDAN]
- SUDAPET LTD. (a.k.a. SUDAPET, a.k.a. SUDAN PETROLEUM COMPANY LIMITED), El Nil Street, Khartoum, Sudan [SUDAN]
- SUDAN RAILWAYS CORPORATION (a.k.a. SRC), P.O. Box 43, Bara, Sudan; Babanousa, Sudan; Khartoum, Sudan; Kosti, Sudan; Port Sudan, Sudan [SUDAN]
- SUDAN RURAL DEVELOPMENT COMPANY LIMITED (a.k.a. SRDC), P.O. Box 2190, Khartoum, Sudan [SUDAN]
- SUDAN SOAP CORPORATION, P.O. Box 23, Khartoum North, Sudan [SUDAN]
- SUDAN WAREHOUSING COMPANY, P.O. Box 215, Khartoum, Sudan; P.O. Box 17, Port Sudan, Sudan; El Obeid, Sudan; Gedarit, Sudan; Juba, Sudan; Kosti, Sudan; Sennar, Sudan; Wad Medani, Sudan [SUDAN]
- SUDANESE COMPANY FOR BUILDING AND CONSTRUCTION LIMITED, P.O. Box 2110, Khartoum, Sudan [SUDAN]
- SUDANESE ESTATES BANK, Al-Baladiya Avenue, P.O. Box 309, Khartoum, Sudan [SUDAN]
- SUDANESE INTERNATIONAL TOURISM COMPANY, c/o TOURISM AND HOTELS CORPORATION, P.O. Box 7104, Khartoum, Sudan [SUDAN]
- SUDANESE MINING CORPORATION, P.O. Box 1034, Khartoum, Sudan [SUDAN]
- SUDANESE REAL ESTATE SERVICES COMPANY, Khartoum, Sudan [SUDAN]
- SUDANESE SAVINGS BANK, P.O. Box 159, Wad Medani, Sudan [SUDAN]
- SUGAR AND DISTILLING CORPORATION, New Mustafa el Amin Building, Barlaman Avenue, P.O. Box 511, Khartoum, Sudan [SUDAN]
- SUMA, Emrush, Member of National Liberation Army (NLA) (DOB: 27 May 1974; POB: Dimce, FRY) (individual) [BALKANS]
- SUPERTIENDAS LA REBAJA, Avenida Colombia No. 2-45, Cali, Colombia; Calle 9, No. 26-98, Cali, Colombia [SDNT]
- SUPLIDORA LATINO AMERICANA, S.A. (a.k.a. SUPLILAT, S.A.), Panama City, Panama [CUBA]
- SURAMERICANA DE HOTELES LTDA., (a.k.a. SURATEL), Calle 74 No. 53-30, Barranquilla, Colombia; NIT # 800011603-0 (Colombia) [SDNT]
- SUWEIDAN, Sheikh Ahmed Salem (see SWEDAN, Sheikh Ahmed Salim) (individual) [SDGT]
- SWAN LAUNDRY AND DRY CLEANING COMPANY, LTD., 55, Racecourse Street, Marsa, Malta [LIBYA]
- SWEDAN, Sheikh (see SWEDAN, Sheikh Ahmed Salim) (individual) [SDGT]
- SWEDAN, Sheikh Ahmed Salem (see SWEDAN, Sheikh Ahmed Salim) (individual) [SDGT]
- SWEDAN, Sheikh Ahmed Salim (a.k.a. SUWEIDAN, Sheikh Ahmad Salem; a.k.a. SWEDAN, Sheikh Ahmed Salem; a.k.a. SWEDAN, Sheikh; a.k.a. BAHAMADI, Sheikh; a.k.a. ALLY, Ahmed; a.k.a. BAHAMAD; a.k.a. BAHAMAD, Sheikh; a.k.a. Ahmed the Tall) (DOB 09 Apr 1969; alt. DOB 09 Apr 1960; POB Mombasa, Kenya; Citizen Kenya) (individual) [SDGT]
- SWORD OF DAVID (see KACH) [SDT, FTO]
- SYLA, Azem, Member of Party for Democratic Progress for Kosovo (PDK) (DOB: 5 Apr 1951; POB: FRY) (individual) [BALKANS]
- T N K FABRICS LIMITED, England [IRAQ]
- T.E.G. LIMITED, 3 Mandeville Place, London, England [IRAQ]
- T.M.G. ENGINEERING LIMITED, Castle Row, Horticultural Place, Chiswick, London, England [IRAQ]
- TAHA, Abdul Rahman S. (see YASIN, Abdul Rahman) (individual) [SDGT]
- TAHA, Rifa'i Ahmad (see MUSA, Rifa'i Ahmad Taha) [SDT]
- TAHA MUSA, Rifa'i Ahmad (see MUSA, Rifa'i Ahmad Taha) [SDT]
- TAHARAR FOOTWEAR PLANT, Tripoli, Libya [LIBYA]
- TAHER, Abdul Rahman S. (see YASIN Abdul Rahman) (individual) [SDGT]
- TAHEER PERFUMERY CORPORATION, (a.k.a. EL TAHEER PERFUMERY CORPORATION), P.O. Box 2241, Khartoum, Sudan [SUDAN]
- TAHREER PERFUMERY CORPORATION, (a.k.a. EL TAHREER PERFUMERY CORPORATION), Omdurman, Sudan [SUDAN]
- TAHRIKE ISLAMIA TALIBAN (see TALIBAN) [TALIBAN]
- TAJOURA MODERN TANNERY, Libya [LIBYA]
- TAKA AUTOMOBILE COMPANY, EL (a.k.a. EL TAKA AUTOMOBILE COMPANY), P.O. Box 221, Khartoum, Sudan [SUDAN]
- TAKFIRI, Abu 'Umr (see UTHMAN, Omar Mahmoud) (individual) [SDGT]
- TALBAN (see TALIBAN) [TALIBAN]
- TALIBAN (a.k.a. ISLAMIC MOVEMENT OF TALIBAN; a.k.a. TAHRIKE ISLAMIA TALIBAN; a.k.a. TALEBAN; a.k.a. TALIBAN ISLAMIC MOVEMENT; a.k.a. TALIBANO ISLAMI TAHRIK), Afghanistan [TALIBAN]
- TALIBAN ISLAMIC MOVEMENT (see TALIBAN) [TALIBAN]
- TALIBANO ISLAMI TAHRIK (see TALIBAN) [TALIBAN]
- TALL, Aktham, P.O. Box 1318, Amman, Jordan (individual) [IRAQ]
- TALLER DE REPARACIONES NAVALES, S.A. (a.k.a. TARENA, S.A.), Panama City, Panama [CUBA]
- TAMIL TIGERS (see LIBERATION TIGERS OF TAMIL EELAM) [FTO]

- TAMOIL HUNGARIA, Hungary [LIBYA]  
TAMOIL ITALIA S.P.A., Cremona Refinery, Italy [LIBYA]  
TAMOIL ITALIA S.P.A., Piazzetta Bossi 3, I-20121 Milan, Italy [LIBYA]  
TAMOIL PETROLI ITALIANA S.P.A. (1,977 gasoline retail outlets in Italy) [LIBYA]  
TAMOIL PETROLI ITALIANA S.P.A., Milan, Italy [LIBYA]  
TAMOIL SUISSE S.A. (f.k.a. GATOIL SUISSE S.A.; a.k.a. TAMOIL SWITZERLAND) (330 gasoline retail outlets in Switzerland) [LIBYA]  
TAMOIL SUISSE S.A. (f.k.a. GATOIL SUISSE S.A.; a.k.a. TAMOIL SWITZERLAND) (RSO refinery in Collombey) [LIBYA]  
TAMOIL SUISSE S.A. (f.k.a. GATOIL SUISSE S.A.; a.k.a. TAMOIL SWITZERLAND), Geneva, Switzerland [LIBYA]  
TAMOIL SUISSE S.A. (f.k.a. GATOIL SUISSE S.A.; a.k.a. TAMOIL SWITZERLAND), Zug, Switzerland [LIBYA]  
TAMOIL TRADING LTD. (f.k.a. TAMOIL [UK] LTD.), 1 St. Paul's Churchyard, London EC4M 8SH, England [LIBYA]  
TAMOIL TRADING LTD. (f.k.a. TAMOIL [UK] LTD.), 24 Boulevard Princess Charlotte, Monte Carlo, Monaco [LIBYA]  
TAMOIL TRADING LTD. (f.k.a. TAMOIL [UK] LTD.), 25 Schutzengasse CH 8001, Zurich, Switzerland [LIBYA]  
TARIQ ABU SHANAB EST. FOR TRADE & COMMERCE (a.k.a. ABU SHANAB METALS ESTABLISHMENT; a.k.a. AMIN ABU SHANAB & SONS CO.; a.k.a. SHANAB METALS ESTABLISHMENT; a.k.a. TARIQ ABU SHANAB EST.; a.k.a. TARIQ ABU SHANAB METALS ESTABLISHMENT), Musherfeh, P.O. Box 766, Zarka, Jordan [IRAQ]  
TARIQ (see ABU ZUBAYDAH) (individual) [SDGT]  
TAURA S.A., Calle 13 No. 68-06, Of. 204, Cali, Colombia; Calle 13 No. 68-26, Of. 214, 313 & 314, Cali, Colombia; Carrera 115 No. 16B-121, Cali, Colombia; NIT # 800183713-1 (Colombia) [SDNT]  
TAVEIRA, A. Arnaldo G., Praca Pio X, 54-10o Andar, CEP 20091, Rio De Janeiro, Brazil (individual) [IRAQ]  
TAYSIR (see ATEF, Muhammad) [SDT]  
TAYSIR (see ATIF, Muhammad) (individual) [SDT] [SDGT]  
TCHACALA, Alcides (see SIMOES, Alcides Sakala) (individual) [UNITA]  
TEA PACKETING AND TRADING COMPANY, P.O. Box 369, Khartoum, Sudan [SUDAN]  
TECHNIC DIGEMEX CORP., Calle 34 No. 4-50, Office 301, Panama City, Panama [CUBA]  
TECHNIC HOLDING INC., Calle 34 No. 4-50, Office 301, Panama City, Panama [CUBA]  
TECHNICAL CO. FOR AGRICULTURAL PEST CONTROL, Nacer Street, Benghazi, Libya; New Gourgy Road, P.O. Box 6445, Tripoli, Libya [LIBYA]  
TECHNOLOGY AND DEVELOPMENT GROUP LTD. (a.k.a. T.D.G.), Centric House 390/391, Strand, London, England [IRAQ]  
TEKNICA (UK) LIMITED (f.k.a. FC9063 LIMITED), 15/17 Lodge Road, St. Johns Wood, London NW8 7JA, England; Avon House, 360-366 Oxford Street, London W1N 9HA, England; Tripoli, Libya [LIBYA]  
TEKNICA OIL SERVICES (OVERSEAS) LIMITED, Cyprus [LIBYA]  
TEKNICA PETROLEUM SERVICES LIMITED, Suite 1100, 736 Sixth Avenue S.W., Calgary, Alberta T2P 3T7, Canada [LIBYA]  
TEMIS SHIPPING CO., Panama [CUBA]  
THABIT 'IZ (see MUSA, Rifa'i Ahmad Taha) [SDT]  
THIRWAT, Salah Shihata (see SHIHATA, Thirwat Salah) (individual) [SDGT]  
THIRWAT, Shahata (see SHIHATA, Thirwat Salah) (individual) [SDGT]  
TIBESTI AUTOMOBILE GENERAL CO., P.O. Box 5397, Benghazi, Libya; Dema, Libya; Gharian, Libya; Khums, Libya; Misurata, Libya; Sebha, Libya; P.O. Box 8456, Tripoli, Libya; Tripoli, Libya; Zawia, Libya [LIBYA]  
TIGRIS TRADING, INC., 2 Stratford Place, London W1N 9AE, England [IRAQ]  
TIGRIS TRADING, INC., 5903 Harper Road, Solon, Ohio 44139, U.S.A. [IRAQ]  
TITOS BOLO CLUB, Carrera 51B No. 94-110, Barranquilla, Colombia; NIT # 890108148-6 (Colombia) [SDNT]  
TOBOGON, Avenida Guadalupe con Avenida Simon Bolivar, Cali, Colombia [SDNT]  
TOLEDO, R.F., Managing Director, Havana International Bank, 20 Ironmonger Lane, London EC2V 8EF, England (individual) [CUBA]  
TOLMETHA SHIPPING ESTABLISHMENT, P.O. Box 208, Derna, Libya [LIBYA]  
TOMASEVIC, Ljiljana, Executive Director of Beogradska Banka (individual) [FRYM]  
TOMOVIC, Slobodan, SPS Regional head KRAGUJEVAC; ex-Minister of Energy, Federal Republic of Yugoslavia; Member of SPS Main Committee (DOB 1946) (individual) [FRYM]  
TORRES, Manuel, Representative, Banco Nacional de Cuba, Federico Boyd Avenue & 51 Street, Panama City, Panama (individual) [CUBA]  
TORRES CORTES, Joselin, c/o AUREAL INMOBILIARIA LTDA., Bogota, Colombia (Cedula No. 19482747 (Colombia)) (individual) [SDNT]  
TORRES LOZANO, Isolina, c/o COSMEPOP, Bogota, Colombia; c/o LABORATORIOS BLAIMAR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 28796392 (Colombia)) (individual) [SDNT]  
TORRES MENDEZ, Ramon (see ARELLANO FELIX, Ramon Eduardo) (individual) [SDNTK]



## Office of Foreign Assets Control, Treasury

## Ch. V, App. A

TOSCO, Arnaldo (GARCIA), Panama (individual) [CUBA]

TOURISM AND HOTELS CORPORATION, P.O. Box 7104, Khartoum, Sudan; Ed Damer, Sudan; El Fasher, Sudan; Khartoum Airport, Sudan; Port Sudan, Sudan [SUDAN]

TRADING & MARITIME INVESTMENTS, San Lorenzo, Honduras [IRAQ]

TRAMP PIONEER SHIPPING CO., Panama, c/o Anglo Caribbean Shipping Co., Ltd., 4th Floor, South Phase 2, South Quay Plaza, 183 Mars, London E14 9SH, England [CUBA]

TRANSIT, S.A., Panama [CUBA]

TRAVEL SERVICES, INC., Hialeah, Florida, U.S.A. [CUBA]

TREJOS AGUILAR, Sonia, Carrera 8 No. 6-37, Zarzal, Valle del Cauca, Colombia; Cali, Colombia; c/o AGROINVERSORA URDINOLA HENAO Y CIA. S.C.S., Cali, Colombia; c/o EXPLOTACIONES AGRICOLAS Y GANADERAS LA LORENA S.C.S., Cali, Colombia; c/o INDUSTRIAS AGROPECUARIAS DEL VALLE LTDA., Cali, Colombia; c/o INVERSIONES EL EDEN S.C.S., Cali, Colombia; Cedula No. 66675927 (Colombia) (individual) [SDNT]

TREJOS MARQUEZ, Arnulfo, Carrera 4 No. 9-17 of. 308, AA 38028, Cali, Colombia; c/o CONSTRUCTORA TREMI LTDA., Cali, Colombia (Cedula No. 6090595 (Colombia)) (individual) [SDNT]

TREVISO TRADING CORPORATION, Edificio Banco de Boston, Panama City, Panama [CUBA]

TRIANA TEJADA, Luis Humberto, c/o COMERCIALIZADORA DE CARNES DEL PACIFICO LTDA., Cali, Colombia (Cedula No. 4916206 (Colombia)) (individual) [SDNT]

TRIPOLI CEMENT SILOS, Libya [LIBYA]

TRIPOLI GRAIN MILL, Libya [LIBYA]

TROBER, S.A. (a.k.a. TROVER, S.A.), Edificio Saldivar, Panama City, Panama [CUBA]

TROPIC TOURS GMBH (a.k.a. TROPICANA TOURS GMBH), Lietzenburger Strasse 51, Berlin, Germany [CUBA]

TROPICAL AFRICAN BANK LIMITED (f.k.a. LIBYAN ARAB UGANDA BANK FOR FOREIGN TRADE AND DEVELOPMENT), P.O. Box 9485, Kampala, Uganda [LIBYA]

TRUJILLO CAICEDO, Francisco Javier (Pacho), Calle 8 Oeste No. 24C-75 apt. 1501, Cali, Colombia; Calle 13C No. 75-95 piso 2, Cali, Colombia; Carrera 76A No. 6-34 apt. 107, Cali, Colombia; c/o COLOR 89.5 FM STEREO, Cali, Colombia (DOB 23 November 1960; Cedula No. 16264395 (Colombia)) (individual) [SDNT]

TRUST IMPORT-EXPORT, S.A., Panama [CUBA]

TUFAYLI, Subhi, Former Secretary General and Current Senior Figure of HIZBALLAH (DOB 1947, POB Biqa Valley, Lebanon) (individual) [SDT]

TUPAC AMARU REVOLUTIONARY MOVEMENT (a.k.a. MOVIMIENTO REVOLUCIONARIO TUPAC AMARU; a.k.a. MRTA) [FTO]

TURKISH-LIBYAN JOINT MARITIME TRANSPORT STOCK COMPANY (a.k.a. TURLIB), Kemeralti Caddesi 99, 80020 Karakoy, Istanbul, Turkey [LIBYA]

TYRE PLANT, Libya [LIBYA]

TYRES RETREADING CENTRES, Libya [LIBYA]

U.I. INTERNATIONAL, England [IRAQ]

UCK (a.k.a. NATIONAL LIBERATION ARMY; a.k.a. NLA) [BALKANS]

UCPMB (a.k.a. LIBERATION ARMY OF PRESEVO, MEDVEDJA, AND BUJANOVAC; a.k.a. PMBLA) [BALKANS]

UGUETO, Luis David (MOROS), Cyprus (individual) [LIBYA]

UL-HAQ, Dr. Amin (see AL-HAQ, Amin) (individual) [SDGT]

UMAR, Abu Umar (see UTHMAN, Omar Mahmoud) (individual) [SDGT]

UMM AL-JAWABY OIL SERVICE COMPANY, LTD., 33 Cavendish Square, London W1M 9HF, England [LIBYA]

UMM AL-JAWABY PETROLEUM CO. S.A.L., Nafoora Field, Libya [LIBYA]

UMM AL-JAWABY PETROLEUM CO. S.A.L., P.O. Box 693, Tripoli, Libya [LIBYA]

UMMA BANK S.A.L. (31 branches throughout Libya) [LIBYA]

UMMA BANK S.A.L., 1 Giaddet Omar Mokhtar, P.O. Box 685, Tripoli, Libya [LIBYA]

UNITED FAIR AGENCIES, 1202 Carrian Center, 151 Gloucester Road, Wanchai, Hong Kong [CUBA]

UNITY BANK (now part of BANK OF KHARTOUM GROUP), Bariman Ave., P.O. Box 408, Khartoum, Sudan [SUDAN]

UNIVERSAL SHIPPING AGENCY, Benghazi, Libya [LIBYA]

UNIVERSAL SHIPPING AGENCY, Mersa El Brega, Libya [LIBYA]

UNIVERSAL SHIPPING AGENCY, Misurata, Libya [LIBYA]

UNIVERSAL SHIPPING AGENCY, Tripoli, Libya [LIBYA]

UNIVERSAL SHIPPING AGENCY, Zuetina, Libya [LIBYA]

UNKOVIC, Slobodan, Federal Republic of Yugoslavia Ambassador to China (DOB 1938) (individual) [FRYM]

URBANIZACIONES Y CONSTRUCCIONES LTDA. (see URBANIZACIONES Y CONSTRUCCIONES LTDA. DE CALI) [SDNT]

URBANIZACIONES Y CONSTRUCCIONES LTDA. DE CALI (f.k.a. URBANIZACIONES Y CONSTRUCCIONES LTDA.), Carrera 4 No. 12-41 of. 1403, Cali, Colombia; NIT #890306569-2 (Colombia) [SDNT]

URDINOLA GRAJALES, Ivan, (a.k.a. URDINOLA GRAJALES, Jairo Ivan), Calle 52 No. 28E-30, Cali, Colombia; Hacienda La

- Lorena, Zarzal, Valle del Cauca, Colombia; c/o AGROINVERSORA URDINOLA HENAO Y CIA. S.C.S., Cali, Colombia; c/o CONSTRUCTORA UNIVERSAL LTDA., Cali, Colombia; c/o EXPLOTACIONES AGRICOLAS Y GANADERAS LA LORENA S.C.S., Cali, Colombia; c/o INDUSTRIAS AGROPECUARIAS DEL VALLE LTDA., Cali, Colombia; c/o INVERSIONES EL EDEN S.C.S., Cali, Colombia; DOB 1 December 1960; Passport AD129003 (Colombia); Cedula No. 94190353 (Colombia) (individual) [SDNT]
- URDINOLA GRAJALES, Jairo Ivan (see URDINOLA GRAJALES, Ivan) (individual) [SDNT]
- URDINOLA GRAJALES, Julio Fabio, Carrera 40 No. 5A-40, Cali, Colombia; c/o CONSTRUCTORA E INMOBILIARIA URVALLE CIA. LTDA., Cali, Colombia; Cedula No. 16801454 (Colombia) (individual) [SDNT]
- URIBE GONZALEZ, Jose Abelardo, c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia; c/o CONSULTORIA EMPRESARIAL ESPECIALIZADA LTDA., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia; c/o SERVICIOS INMOBILIARIAS LTDA., Cali, Colombia (Cedula No. 16647906 (Colombia)) (individual) [SDNT]
- USAMA BIN LADEN NETWORK (see AL QA'IDA) [SDT, FTO]
- USAMA BIN LADEN NETWORK (see AL QA'IDA) [SDT] [FTO] [SDGT]
- USAMA BIN LADEN ORGANIZATION (see AL QA'IDA) [SDT, FTO]
- USAMA BIN LADEN ORGANIZATION (see AL QA'IDA) [SDT] [FTO] [SDGT]
- UTHMAN, Al-Samman (see UTHMAN, Omar Mahmoud) (individual) [SDGT]
- UTHMAN, Omar Mahmoud (a.k.a. ABU ISMAIL; a.k.a. ABU UMAR, Abu Omar; a.k.a. AL-FILISTINI, Abu Qatada; a.k.a. TAKFIRI, Abu 'Umr; a.k.a. UMAR, Abu Umar; a.k.a. UTHMAN, Al-Samman; a.k.a. UTHMAN, Umar), London, England (DOB 30 Dec 1960; alt. DOB 13 Dec 1960) (individual) [SDGT]
- UTHMAN, Umar (see UTHMAN, Omar Mahmoud) (individual) [SDGT]
- VALDIVIESO FONTAL, Diego, c/o VALLADARES LTDA., Cali, Colombia (Cedula No. 16662362 (Colombia)) (individual) [SDNT]
- VALENCIA ARIAS, Jhon Gavy (John Gaby), Avenida 7N No. 17A-46, Cali, Colombia; Carrera 76 No. 6-200 102, Cali, Colombia; c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia (Cedula No. 16741491 (Colombia)) (individual) [SDNT]
- VALENCIA ARIAS, Luis Fernando, c/o INVERSIONES BETANIA LTDA., Cali, Colombia; c/o INVERSIONES EL PEN~ON S.A., Cali, Colombia; c/o INVERSIONES GEMINIS S.A., Cali, Colombia (Cedula No. 71626881 (Colombia)) (individual) [SDNT]
- VALENCIA DE JARAMILLO, Maria Diocelina, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia (individual) [SDNT]
- VALENCIA FRANCO, Manuel, c/o GANADERIAS DEL VALLE S.A., Cali, Colombia (individual) [SDNT]
- VALENCIA, Jesus Antonio, c/o DISMERCOOP, Cali, Colombia (Cedula No. 16447249 (Colombia)) (individual) [SDNT]
- VALENCIA, Reynel (Reinel), c/o COMERCIALIZADORA INTERNACIONAL VALLE DE ORO S.A., Cali, Colombia; c/o GANADERIAS DEL VALLE S.A., Cali, Colombia; c/o INMOBILIARIA U.M.V. S.A., Cali, Colombia (Cedula No. 16258610 (Colombia)) (individual) [SDNT]
- VALETTA SHIPPING CORPORATION, c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- VALLADARES LTDA. (f.k.a. AGROPECUARIA BETANIA LTDA.), Calle 70N No. 14-31, Cali, Colombia; Carrera 61 No. 11-58, Cali, Colombia (NIT # 890329123-0) [SDNT]
- VALLE COMUNICACIONES LTDA. (a.k.a. VALLECOM), Carrera 60 No. 2A-107, Cali, Colombia [SDNT]
- VALLE DE ORO S.A., Cali, Colombia; Pollo Tanrico Km 17 Recta Cali-Palmira, Palmira, Colombia (NIT # 890331067-2 (Colombia)) [SDNT]
- VALORES MOBILIARIOS DE OCCIDENTE S.A., Avenida 6 Norte No. 23DN-16, Cali, Colombia; Avenida Colombia No. 2-45, Cali, Colombia; Carrera 1 No. 2-45, Cali, Colombia; Carrera 100 No. 11-90 of. 602, Cali, Colombia; Bogota, Colombia; NIT 800249439-1 (Colombia) [SDNT]
- VARGAS, Jorge (a.k.a. BECERRA, Martin; a.k.a. BECERRA MIRELES, Martin; a.k.a. MACHERBE, Oscar; a.k.a. MAHERBE, Oscar; a.k.a. MAHLERBE, Oscar; a.k.a. MAHLERBE, Polo; a.k.a. MALARBE, Oscar; a.k.a. MALERBE, Oscar; a.k.a. MALERHBE DE LEON, Oscar; a.k.a. MALERVA, Oscar; a.k.a. MALHARBE DE LEON, Oscar; a.k.a. MALHERBE DE LEON, Oscar; a.k.a. MALHERBE DELEON, Oscar; a.k.a. MALMERBE, Oscar; a.k.a. MELARBE, Oscar; a.k.a. NALHERBE, Oscar; a.k.a. QALHARBE DE LEON, Oscar; DOB 10 Jan 1964; POB Mexico (individual) [SDNTK])
- VARGAS GARCIA, Carlos Alberto, Quito, Ecuador; c/o DISTRIBUIDORA DE DROGAS CONDOR LTDA., Bogota, Colombia; c/o RIONAP COMERCIO Y REPRESENTACIONES S.A., Quito, Ecuador (individual) [SDNT]
- VARGAS LOPEZ, Gustavo Adolfo, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia; c/o COLOMBIANA DE CERDOS LTDA., Pereira, Colombia; c/o INDUSTRIA

**Office of Foreign Assets Control, Treasury****Ch. V, App. A**

- MADERERA ARCA LTDA., Cali, Colombia; c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia; c/o MATADERO METROPOLITANO LTDA., Pereira, Colombia; Cedula No. 6457925 (Colombia) (individual) [SDNT]
- VASILJEVIC, Jezdimir, Director of failed pyramid scheme based out of Jugoskandik Bank (DOB 1948) (individual) [FRYM]
- VASQUES (or VAZQUEZ), Oscar D., Panama (individual) [CUBA]
- VAZ, Jose, Managing Director, Havana International Bank, 20 Ironmonger Lane, London EC2V 8EY, England (individual) [CUBA]
- VEBA OIL OPERATIONS B.V. (f.k.a. MOBIL OIL LIBYA, LTD.; a.k.a. VEBA OIL LIBYA GMBH; a.k.a. VEBA OIL LIBYAN BRANCH), Al Magharba Street, P.O. Box 690, Tripoli, Libya (Designation applies only to joint venture located in Libya and office located in the Netherlands) [LIBYA]
- VEBA OIL OPERATIONS B.V. (f.k.a. MOBIL OIL LIBYA, LTD.; a.k.a. VEBA OIL LIBYA GMBH; a.k.a. VEBA OIL LIBYAN BRANCH), P.O. Box 2357, Tripoli, Libya (Designation applies only to joint venture located in Libya and office located in the Netherlands) [LIBYA]
- VEBA OIL OPERATIONS B.V. (f.k.a. MOBIL OIL LIBYA, LTD.; a.k.a. VEBA OIL LIBYA GMBH; a.k.a. VEBA OIL LIBYAN BRANCH), The Hague, Netherlands (Designation applies only to joint venture located in Libya and office located in the Netherlands) [LIBYA]
- VEGA, Rosalba, c/o BONOMERCAD S.A., Bogota, Colombia; c/o GLAJAN S.A., Bogota, Colombia; c/o PATENTES MARCAS Y REGISTROS S.A., Bogota, Colombia; c/o SHARPER S.A., Bogota, Colombia; Cedula No. 21132758 (Colombia) (individual) [SDNT]
- VELIU, Fazli, Member of National Liberation Army (NLA) (DOB: 4 Jan 1945; POB: Kercove, FYROM) (individual) [BALKANS]
- VESTIMENTA J Y J S. de H., Calle 78 No. 53-70, Local 112, Barranquilla, Colombia; NIT #802001338-8 (Colombia) [SDNT]
- VIACON INTERNATIONAL, INC., Apartment 7B Torre Mar Building, Punta Paitilla Area, Panama City, Panama [CUBA]
- VIACON INTERNATIONAL, INC., France Field, Colon Free Zone, Panama [CUBA]
- VIAJES GUAMA, S.A., Spain [CUBA]
- VIAJES MERCURIO LTDA., Carrera 3 No. 10-02 Local 113, Cali, Colombia [SDNT]
- VICTORIA POTES, Nestor Raul, c/o ADMINISTRACION INMOBILIARIA S.A., Cali, Colombia; c/o AGROPECUARIA BETANIA LTDA., Cali, Colombia; c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia; c/o GANADERIAS DEL VALLE S.A., Cali, Colombia; c/o INDUSTRIA AVICOLA PALMASECA S.A., Cali, Colombia; c/o INVERSIONES VILLA PAZ S.A., Cali, Colombia; c/o PROHUEVO DE COLOMBIA LTDA., Cali, Colombia; Calle 70N No. 14-31, AA26397, Cali, Colombia (Cedula No. 16247701 (Colombia)) (individual) [SDNT]
- VICTORIA, Mercedes, c/o COLOR 89.5 FM STEREO, Cali, Colombia; c/o COMPAX LTDA., Cali, Colombia; c/o INVERSIONES GEELE LTDA., Bogota, Colombia; c/o LABORATORIOS KRESSFOR, Bogota, Colombia (individual) [SDNT]
- VILLA D'ARTE (see VILLA DE ARTE S. DE H.) [SDNT]
- VILLA DE ARTE S. DE H. (a.k.a. VILLA D'ARTE), Carrera 54 No. 74-79, Barranquilla, Colombia; Aereo Apartado 51881, Barranquilla, Colombia; NIT #800125346-2 (Colombia) [SDNT]
- VILLADA ZUNIGA, Elmer, Calle 15 No. 20-10, Cali, Colombia; c/o TAURA S.A., Cali, Colombia; Cedula No. 14988902 (Colombia) (individual) [SDNT]
- VILLEGAS ARIAS, Maria Deisy (Deicy), c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSTRUEXITO S.A., Cali, Colombia; c/o GANADERIAS DEL VALLE S.A., Cali, Colombia; c/o INDUSTRIA MADERERA ARCA LTDA., Cali, Colombia; c/o SOCOVALLE LTDA., Cali, Colombia; Calle 66 No. 1A-6 51, Cali, Colombia (Cedula No. 31200871 (Colombia)) (individual) [SDNT]
- VILLEGAS BOLAN-OS, Silver Amado, c/o ADMINISTRACION INMOBILIARIA BOLIVAR S.A., Cali, Colombia; c/o CONCRETOS CALI S.A., Cali, Colombia; c/o CONSULTORIA EMPRESARIAL ESPECIALIZADA LTDA., Cali, Colombia; c/o GANADERIAS DEL VALLE S.A., Cali, Colombia (Cedula No. 10480869 (Colombia)) (individual) [SDNT]
- VILLOTA GALVIS, Fernando, c/o FARMACOOP, Bogota, Colombia; c/o LABORATORIOS KRESSFOR DE COLOMBIA S.A., Bogota, Colombia (Cedula No. 17118703 (Colombia)) (individual) [SDNT]
- VINALES TOURS, Cancun, Mexico [CUBA]
- VINALES TOURS, Guadalajara, Mexico [CUBA]
- VINALES TOURS, Mexico City, Mexico [CUBA]
- VINALES TOURS, Monterey, Mexico [CUBA]
- VINALES TOURS, Roma, Mexico [CUBA]
- VIOLET NAVIGATION CO. LTD., c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- VLATKOVIC, Dusan, Ex-Governor, NBJ, member of JUL (DOB 12 Feb 38) (individual) [FRYM]
- VUCIC, Borka, Minister for Cooperation with International Financial Institutions, Federal Republic of Yugoslavia (DOB 4 Apr 26) (individual) [FRYM]
- VUKOVIC, Slobodan, General Manager of PRVA Preduzetnicka Banka AD (DOB 2 Jan 40) (individual) [FRYM]

**Ch. V, App. A**

**31 CFR Ch. V (7-1-02 Edition)**

- VULCAN OIL S.P.A., Delta Energy/ERG bunkering service, Genoa, Italy [LIBYA]
- VULCAN OIL S.P.A., Milano 2, Centro Direz. Pal. Canova, 20090 Segrate, Milan, Italy [LIBYA]
- VULCAN OIL S.P.A., United Kingdom (off-shore) [LIBYA]
- W. HERRERA Y CIA. S. EN C., Avenida 2N 7N-55 of. 501, Cali, Colombia [SDNT]
- W. HERRERA Y CIA. S. EN C. (see INVERSIONES EL GRAN CRISOL LTDA.) [SDNT]
- WAD MADANI DUTY FREE SHOP, Wad Madani, Sudan [SUDAN]
- WADEHYANOY, Mufti Rashid Ahmad (see LADEHYANOY, Mufti Rashid Ahmad) (individual) [SDGT]
- WADENA SHIPPING CORPORATION, c/o EMPRESA DE NAVEGACION MAMBISA, Apartado 543, San Ignacio 104, Havana, Cuba [CUBA]
- WADOOD, Khalid Adbul (see MOHAMMED, Khalid Shaikh) (individual) [SDGT]
- WAFAL-IGATHA AL-ISLAMIA (see WAFAL HUMANITARIAN ORGANIZATION) [SDGT]
- WAFAL HUMANITARIAN ORGANIZATION (a.k.a. AL WAFAL; a.k.a. AL WAFAL ORGANIZATION; a.k.a. WAFAL AL-IGATHA AL-ISLAMIA) [SDGT]
- WAFAL CHEMICALS & TECHNO-MEDICAL SERVICES LIMITED, Khartoum, Sudan [SUDAN]
- WAHA OIL COMPANY, Inas Building, Omar El Mokhtar Street, Box 395, Tripoli, Libya [LIBYA]
- WAHA OIL COMPANY, P.O. Box 1075, Tripoli, Libya [LIBYA]
- WAHA OIL COMPANY, P.O. Box 221, Benghazi, Libya [LIBYA]
- WAHA OIL COMPANY, Sidi Issa Street, P.O. Box 915, Tripoli, Libya [LIBYA]
- WAHDA BANK (37 branches throughout Libya) [LIBYA]
- WAHDA BANK, Jamel Abdul Nasser Street, P.O. Box 452, Fadiel Abu Omar Square, El-Berhka, Benghazi, Libya [LIBYA]
- WAHDA BANK, P.O. Box 1320, Benghazi, Libya [LIBYA]
- WAHDA BANK, P.O. Box 3427, Tripoli, Libya [LIBYA]
- WAU FRUIT AND VEGETABLE CANNING FACTORY, P.O. Box 110, Wau, Sudan [SUDAN]
- THE WAY OF THE TORAH (see KAHANE CHAI) [SDT, FTO]
- WEAVING, DYEING AND FINISHING PLANT, Libya [LIBYA]
- WEI, Hsueh Kang (a.k.a. CHARNCHAI, Chiwinnitipanya; a.k.a. CHEEWINNITIPANYA, Prasit; a.k.a. CHIWINNITIPANYA, Prasit; a.k.a. CHIWINNITIPANYA, Charnchai; a.k.a. KADUMPORN, Somboon; a.k.a. PRASIT, Cheewinnitipanya; a.k.a. PRASIT, Chivinnitipanya; a.k.a. SOMBOON, Kadumporn; a.k.a. WEI, Shao-Kang; a.k.a. WEI, Sia-Kang; a.k.a. WEI, Xuekang), DOB 29 June 1952; alt. DOB 29 May 1952; Passports Q081061, E091929 (Thailand) (individual) [SDNTK]
- WEI, Shao-Kang (see WEI, Hsueh Kang) (individual) [SDNTK]
- WEI, Sia-Kang (see WEI, Hsueh Kang) (individual) [SDNTK]
- WEI, Xuekang (see WEI, Hsueh Kang) (individual) [SDNTK]
- WEST ISLAND SHIPPING CO. LTD., c/o UNION MARITIMA PORTUARIA, 9-Piso, Apartado B, Esquina Cuarteles y Pena Pobre 60, Havana Vieja, Havana, Cuba [CUBA]
- WHALE SHIPPING LTD., c/o Government of Iraq, State Organization of Ports, Maqal, Basrah, Iraq [IRAQ]
- WHITE NILE BATTERY COMPANY, Khartoum, Sudan [SUDAN]
- WHITE NILE BREWERY, P.O. Box 1378, Khartoum, Sudan [SUDAN]
- WHITE NILE TANNERY, P.O. Box 4078, Khartoum, Sudan [SUDAN]
- WHITE SWAN SHIPPING CO. LTD., c/o EMPRESA DE NAVEGACION CARIBE, Edificio Lonja del Comercio, Lamparilla 2, Caja Postal 1784, Havana 1, Cuba [CUBA]
- WITTGREEN, Carlos (a.k.a. WITTGREEN A., Carlos; a.k.a. WITTGREEN Antinori, Carlos; a.k.a. WITTGREEN, Carlos Antonio), Panama (individual) [CUBA]
- WOOL WASHING AND SPINNING PLANT, Marj, Libya [LIBYA]
- WORLD ISLAMIC FRONT FOR JIHAD AGAINST JEWS AND CRUSADERS (see AL QA'IDA) [SDT, FTO]
- THE WORLD ISLAMIC FRONT FOR JIHAD AGAINST JEWS AND CRUSADERS (see AL QA'IDA) [SDT] [FTO] [SDGT]
- WORLD ISLAMIC FRONT FOR JIHAD AGAINST JEWS AND CRUSADERS, THE (see ISLAMIC ARMY) [SDT]
- XHEMAJLI, Emrush, Member of Popular Movement of Kosovo (LPK) (DOB: 5 May 1959; POB: Urosevac, FRY) (individual) [BALKANS]
- XHEMAJLI, Muhamet, Member of Liberation Army of Presevo, Medvedja, and Bujanovac (UCPMB) (DOB: 8 Feb 1958; POB: Muhovac, FRY) (individual) [BALKANS]
- YAHYA AYYASH UNITS (see HAMAS) [SDT, FTO]
- YAM, Melvia Isabel Gallegos, Merida, Mexico (individual) [CUBA]
- YAMARU TRADING CO., LTD., Tokyo, Japan [CUBA]
- YASIN, Abdul Rahman (a.k.a. TAHA, Abdul Rahman S.; a.k.a. TAHER, Abdul Rahman S.; a.k.a. YASIN, Abdul Rahman Said; a.k.a. YASIN, Aboud) (DOB 10 Apr 1960; POB Bloomington, Indiana, U.S.A.; SSN 156-92-9858 (U.S.A.); Passport No. 27082171 (U.S.A. [issued 21 Jun 1992 in Amman, Jordan]); alt. Passport No. M0887925 (Iraq); Citizen U.S.A. (individual) [SDGT]

- YASIN, Abdul Rahman Said (see YASIN, Abdul Rahman) (individual) [SDGT]
- YASIN, Aboud (see YASIN, Abdul Rahman) (individual) [SDGT]
- YASIN, Shaykh Ahmad, Founder and Chief Ideological Figure of HAMAS (DOB 1931) (individual) [SDT]
- THE YESHIVA OF THE JEWISH IDEA (see KACH) [SDT, FTO]
- THE YESHIVA OF THE JEWISH IDEA (see KAHANE CHAI) [SDT, FTO]
- YOUSEF, Mohamed T., Libya (individual) [LIBYA]
- YULDASHEV, Takhir (see YULDASHEV, Tohir) (individual) [SDGT]
- YULDASHEV, Tohir (a.k.a. YULDASHEV, Takhir), Uzbekistan (individual) [SDGT]
- YUSSRR, Abu (see FADHIL, Mustafa Mohamed) (individual) [SDGT]
- ZAHRAN, Yousuf, P.O. Box 1318, Amman, Jordan (individual) [IRAQ]
- ZAINAL, Akram, Chairman and General Manager of AGRICULTURAL CO-OPERATIVE BANK, Iraq (individual) [IRAQ]
- ZAMBA, Noel Heath (see HEATH, Noel Timothy) (individual) [SDNTK]
- ZAMBO, Noel Heath (see HEATH, Noel Timothy) (individual) [SDNTK]
- ZAMBRANO CERON, Maria Concepcion, c/o AGROPECUARIA LA ROBLEDA S.A., Cali, Colombia (individual) [SDNT]
- ZAMBRANO MADRONERO, Carmen Alicia, c/o COSMEPOP, Bogota, Colombia; c/o PATENTES MARCAS Y REGISTROS S.A., Bogota, Colombia; Cedula No. 30738265 (Colombia) (individual) [SDNT]
- ZAMORA RUIZ, Alexander, c/o INPESCA S.A., Buenaventura, Colombia; Cedula No. 16498805 (Colombia) (individual) [SDNT]
- ZECEVIC, Miodrag, Director of Jubmes Bank (individual) [FRYM]
- ZELENOVIC, Dragan, (ICTY indictee, Bosnian Serb) (DOB 12 Feb 61) (individual) [FRYM]
- ZIA, Ahmad (see ZIA, Mohammad) (individual) [SDGT].
- ZIA, Mohammad, (a.k.a. ZIA, Ahmad) c/o Ahmed Shah s/o Painda Mohammad al-Karim Set, Peshawar, Pakistan; c/o Alam General Store Shop 17, Awami Market, Peshawar, Pakistan; c/o Zahir Shah s/o Murad Khan Ander Sher, Peshawar, Pakistan (individual) [SDGT]
- ZLITEN FODDER PLANT, Libya [LIBYA]
- ZLITEN GRAIN MILL, Libya [LIBYA]
- ZLITNI, Dr. Abdul Hafid Mahmoud, Abu Dhabi, U.A.E. (individual) [LIBYA]
- ZLITNI, Dr. Abdul Hafid Mahmoud, Tripoli, Libya (individual) [LIBYA]
- ZUEITINA OIL COMPANY, Gas Processing Plants, Tripoli, Libya [LIBYA]
- ZUEITINA OIL COMPANY, Mitchell Cotts Building, P.O. Box 2134, Tripoli, Libya [LIBYA]
- ZUEITINA OIL COMPANY, Plant at Intisar Field A, Tripoli, Libya [LIBYA]
- ZUEITINA OIL COMPANY, Zueitina Building "A", Sidi Issa, Dahra, P.O. Box 2134, Tripoli, Libya [LIBYA]
- ZUGHAD, Hassan Senoussi, 15/17 Lodge Road, St. Johns Wood, London NW8 7JA, England (individual) [LIBYA]
- ZUN-IGA OSORIO, Marco Fidel, c/o FARMATODO S.A., Bogota, Colombia; c/o LABORATORIOS BLANCO PHARMA, Bogota, Colombia (individual) [SDNT]

[62 FR 34936, June 27, 1997, as amended at 62 FR 41851, Aug. 4, 1997; 62 FR 48178, Sept. 15, 1997; 62 FR 67730, Dec. 30, 1997; 63 FR 28896, May 27, 1998; 63 FR 29609, June 1, 1998; 64 FR 34986, 34987, 34991, 34992, June 30, 1999; 64 FR 35576, 35577, July 1, 1999; 64 FR 60661, Nov. 8, 1999; 65 FR 17591, Apr. 4, 2000; 65 FR 39100, June 23, 2000; 65 FR 75630, Dec. 4, 2000; 65 FR 80750, Dec. 22, 2000; 66 FR 29229, May 30, 2001; 66 FR 54404, Oct. 26, 2001; 66 FR 57373, 57379-57381, Nov. 15, 2001; 67 FR 16309, Apr. 5, 2002]

APPENDIX B TO CHAPTER V—ALPHABETICAL LISTING OF VESSELS THAT ARE THE PROPERTY OF BLOCKED PERSONS OR SPECIALLY DESIGNATED NATIONALS

BLOCKED VESSELS

Vessel Name	Program	Flag	Vessel Type	DWT	GRT	Call Sign	Vessel Owner	Alternate Names
1 ATHAR	IRAQ	Iraq	Tanker	1,502		HNAR	Iraqi Oil Tankers Company	
7 NISSAN	IRAQ	Iraq	Tanker	1,502		HNNN	Iraqi Oil Tankers Company	
ACECHILLY	CUBA						Acechilly Navigation Co., Malta	
ACEFROSTY	CUBA						Acefrosty Shipping Co., Malta	
AIN ZALAH	IRAQ	Iraq	Tanker	36,330		HNAZ	Iraqi Oil Tankers Company, Basrah, Iraq	
AL-ALYAA	IRAQ	Iraq	Tug	375		N/A	State Org. of Iraqi Ports	
AL-AMIN	IRAQ	Iraq	Tug	368		YIAM	State Org. of Iraqi Ports	
AL ANBAR	IRAQ	Iraqi flag	Tug			YIAV	Government of the Republic of Iraq, Managed by the State Organization of Iraqi Ports, Basrah, Iraq	
AL-BAATH	IRAQ	Iraq	Tanker	9,928		HNBT	Iraqi Oil Tankers Company	
AL-BAKR	IRAQ	Iraq	Research	390		YIBR	State Org. of Iraqi Ports	fka HIBOOB
AL-BAYAA	IRAQ	Iraq	Barge	1,662		HNHB	Iraqi State Enterprise for Water Transport	
AL-ENTISAR	IRAQ	Iraq	Tug	375		N/A	State Org. of Iraqi Ports	
AL FAO	IRAQ	Iraq	Research	80		YIAN	State Org. of Iraqi Ports	
AL-HATHER	IRAQ	Iraq	Tug	368		YIHR	State Org. of Iraqi Ports	
AL KARAMAH	IRAQ	Iraq	Tanker	12,882		HNKM	Iraqi Oil Tankers Company	
AL-KARRKH	IRAQ	Iraq	Tug	368		YIKH	State Org. of Iraqi Ports	
AL KHALIDA	IRAQ	Iraq	Tanker	7,155		HNKD	Iraqi Oil Tankers Company	
AL-KHALIJ-AL-ARABI	IRAQ	Iraq	Service	4,740		YIKA	State Org. of Iraqi Ports	
AL MANSUR	IRAQ	Iraq	Yacht	1,223		HNMR	Iraqi State Enterprise for Water Transport	
AL MERBID	IRAQ	Iraq	Service	4,649		YIMD	State Org. of Iraqi Ports	
AL MOSUL	IRAQ	Iraq	Service	1,219		YIAS	State Org. of Iraqi Ports	
AL NAJAF	IRAQ	Iraq	Service	4,740		YINF	State Org. of Iraqi Ports	
AL NASR	IRAQ	Iraq	Service	2,444		DDRH	State Org. of Iraqi Ports	
AL NASR	IRAQ	Iraq	Tanker	1,502		HNNR	Iraqi Oil Tanker Company	
AL-NOHOODH	IRAQ	Iraq	Tug	375		YINU	State Org. of Iraqi Ports	
AL OMARAH	IRAQ	Iraq	Tug	320		YIAW	State Org. of Iraqi Ports	
AL-QADISIYA	IRAQ	Iraq	Yacht	100		HNKS	Iraqi State Enterprise for Water Transport	
AL RAMADI	IRAQ	Iraq	Tug	320		YIAY	State Org. of Iraqi Ports	
AL RASHEED	IRAQ	Iraq	Service	304		YIBE	State Org. of Iraqi Ports	
AL RATBA	IRAQ	Iraq	Tanker	544		YIBA	State Org. of Iraqi Ports	
AL-RESSAFA	IRAQ	Iraq	Tug	368		YIRF	State Org. of Iraqi Ports	
AL-SAHIL-AL-ARABI	IRAQ	Iraq	Service	6,396		HNSA	Iraqi State Enterprise for Sea Fisheries, Basrah Iraq	
AL SHUMOOKH	IRAQ	Iraq	Tug	375		N/A	State Org. of Iraqi Ports	
AL-THIRTHAR	IRAQ	Iraq	Tanker	524		YITH	State Org. of Iraqi Ports	
AL-WAHDAH	IRAQ	Iraq	Tug	149		YIWH	State Org. of Iraqi Ports	
AL WALEED	IRAQ	Iraq	Research			YIBF	State Org. of Iraqi Ports	
AL ZAB	IRAQ	Iraq	Tug			YIBH	State Org. of Iraqi Ports	

1008

Ch. V, App. B

31 CFR Ch. V (7-1-02 Edition)

AL-ZAHRAA	IRAQ	Iraq	RO/RO	3,985		HNNZ	Iraqi State Enterprise for Water Transport	
AL ZAWRAA	IRAQ	Iraq	Cargo	3,549		HNZW	Iraqi State Enterprise for Water Transport, Baghdad	
ALABID	IRAQ	Iraq	Barge	1,662		HNDB	Iraqi State Enterprise for Water Transport	fka SANABUL
ALAMINOS	CUBA	Cyprus	General Cargo	15088	8909	P32C3	Alaminos Shipping Co. Ltd.	fka RUBY ISLANDS
ALEDREESI	IRAQ	Iraq	Cargo	3,550		HNID	Iraqi State Enterprise for Water Transport	
ALEGRIA DE PIO	CUBA						Naviera Maritima de Arosa, Spain	
ALFARABI	IRAQ	Iraq	Cargo	8,342		HNFB	Iraqi State Enterprise for Water Transport	
ALFARAHIDI	IRAQ	Iraq	Tanker	149,441		HNFR	Iraqi Oil Tankers Company	
ALFIDAA	IRAQ	Iraq	Barge	1,662		HNFD	Iraqi State Enterprise for Water Transport	fka SILOWAT
ALKHANSAA	IRAQ	Iraq	Cargo	3,525		HNKN	Iraqi State Enterprise for Water Transport	
ALKINDI	IRAQ	Iraq	Cargo	8,342		HNKI	Iraqi State Enterprise for Water Transport	
ALMUSTANSIRIYAH	IRAQ	Iraqi flag	Tanker	155,210		HNMS	Iraqi Oil Tankers Company	
ALMUTANABBI	IRAQ	Iraq	Tanker	130,241		HNMB	Iraqi Oil Tankers Company	
ALNAJAF	IRAQ	Iraq	Service	4,740		YINF	State Org. of Iraqi Ports	
ALQADISIYAH	IRAQ	Iraq	Tanker	155,210		HNQS	Iraqi Oil Tankers Company	
ALSUMOOD	IRAQ	Iraq	Service	6,977		YISD	State Org. of Iraqi Ports	
ALTAAWIN-ALARABI	IRAQ	Iraq	Cargo	13,634		HNAI	Iraqi State Enterprise for Water Transport	
ALWAHDA	IRAQ	Iraq	Barge	1,662		HNAD	Iraqi State Enterprise for Water Transport	
ALWASITTI	IRAQ	Iraq	Cargo	8,343		HNWS	Iraqi State Enterprise for Water Transport	
ALYARMUK	IRAQ	Iraq	Tanker	149,371		HNYK	Iraqi Oil Tankers Company	
ALZUBAIR	IRAQ	Iraq	Service	4,640		YIZR	State Org. of Iraqi Ports	
AMURIYAH	IRAQ	Iraq	Tanker	155,210		HNAM	Iraqi Oil Tankers Company	
ANTARA	IRAQ	Iraq	Service	508		YIBD	State Org. of Iraqi Ports	
ARBEEL	IRAQ	Iraq	Tug	320		YIBB	State Org. of Iraqi Ports	
BABA GURGUR	IRAQ	Iraq	Tanker	36,397		HNGR	Iraqi Oil Tankers Company	
BABYLON	IRAQ	Iraq	Cargo	13,656		HNBB	Iraqi State Enterprise for Water Transport	
BADR 7	IRAQ	Saudi Arabia	Service	647		N/A	Government of the Republic of Iraq, Ministry of Oil, State Company for Oil Projects, Baghdad, Iraq	
BAGHDAD	IRAQ	Iraq	Service	2,900		YIAD	State Org. of Iraqi Ports	
BAGHDAD	IRAQ	Iraq	Cargo	13,656		HNBD	Iraqi State Enterprise for Water Transport	
BALQEES	IRAQ	Iraq	RO/RO	3,985		HNBL	State Organization for Iraq Government	
BASRA	IRAQ	Iraq	Service	2,906		YIAB	State Org. of Iraqi Ports	
BASRAH	IRAQ	Iraq	Cargo	13,656		HNBS	Iraqi State Enterprise for Water Transport	
BROTHERS	CUBA	Cyprus	Bulk Carrier	25573	16605	C4QK	Ciflare Shipping Co. Ltd.	fka TULIP ISLANDS
BUZURGAN	IRAQ	Iraq	Tanker	36,400		HNBR	Iraqi Oil Tankers Company	

BLOCKED VESSELS—Continued

Vessel Name	Program	Flag	Vessel Type	DWT	GRT	Call Sign	Vessel Owner	Alternate Names
CARIBBEAN PRINCESS	CUBA	Cyprus	General Cargo	24155	16794	C4GL	CARIBBEAN PRINCESS SHIPPING (SDN)	
CARIBBEAN QUEEN	CUBA	Cyprus	General Cargo	24106	16794	C4JO	CARIBBEAN QUEEN SHIPPING (SDN)	
CARIBBEAN SALVOR	CUBA	Malta	Tug	669	856	9H2275	Compania Navegacion Golfo S.A.	
CASABLANCA	CUBA						Epamac Shipping Co., Ltd., Malta	
CELTIC	CUBA	Cyprus	Bulk Carrier	27652	16582	C4WU	Atlantic Marie Shipping Co. Ltd.	fka VIOLET ISLANDS
CICLON	CUBA						Senanque Shipping Co., Ltd., Cyprus	
GOTTY	CUBA						Heywood Navigation Corp., Panama	
CRIOLLO	CUBA	Cuba	Tug	NA	181	CL2257	Samir de Navegacion S.A.	
DAMASCUS	IRAQ	Iraq	Tug	149		YIDS	State Org. of Iraqi Ports	
DAMEN GORINCHEM 5716	IRAQ	Iraq	Service			N/A	State Org. of Iraqi Ports	
DAMEN GORINCHEM 5717	IRAQ	Iraq	Service			N/A	State Org. of Iraqi Ports	
DAMEN GORINCHEM 5718	IRAQ	Iraq	Service			N/A	State Org. of Iraqi Ports	
DEYALA	IRAQ	Iraq	Tug	350		YIBJ	State Org. of Iraqi Ports	
DIJLAH	IRAQ	Iraq	Tug	356		HNDJ	State Org. of Iraqi Ports	
DIVING LAUNCH 1	IRAQ	Iraq	Service			N/A	State Org. of Iraqi Ports	
DIWANIYA	IRAQ	Iraq	Tug	350		YIBK	State Org. of Iraqi Ports	
DOCKAN	IRAQ	Iraq	Tanker	528		YIDN	State Org. of Iraqi Ports	
DUMP BARGE I	IRAQ	Gibraltar	Service	1,330		J8IY	Whale Shipping Ltd., c/o State Org. of Iraqi Ports	
DUMP BARGE II	IRAQ	Gibraltar	Service	1,330		J8IZ	Whale Shipping Ltd., c/o State Org. of Iraqi Ports	
DUMP BARGE III	IRAQ	Gibraltar	Service	1,330		J8JA	Whale Shipping Ltd., c/o State Org. of Iraqi Ports	
EAST ISLANDS	CUBA	Cyprus	General cargo	15120	8996	C4QB	EAST ISLAND SHIPPING CO. LTD. (SDN)	
EMERALD ISLANDS	CUBA	Malta	General cargo	15088	8909	9HRP2	BETTINA SHIPPING CO. LTD. (SDN)	
FIRE BOAT No. 705	IRAQ	Iraq	Service			N/A	State Org. of Iraqi Ports	
FIRE BOAT No. 706	IRAQ	Iraq	Service			N/A	State Org. of Iraqi Ports	
FLYING DRAGON	CUBA						Flight Dragon Shipping Ltd., Malta	
FOREL	IRAQ	Iraqi flag	Fishing	1,163		HNFL	Rafidain Fisheries Co. Ltd., Basrah, Iraq	
FRIGO HISPANIA	CUBA						Ace Indic Navigation Co., Malta	
FURAT	IRAQ	Iraq	Tug	350		HNFT	State Org. of Iraqi Ports	
GAZA	IRAQ	Iraq	Service	2,422		YIGZ	State Org. of Iraqi Ports	
GRETE STAR	CUBA	Panama	Container ship	17820	11318	HOQD	Avisfaith Shipping	fka AVIS FAITH
HAMDAN	IRAQ	Iraq	Tug	387		YIHM	State Org. of Iraqi Ports	
HARNMAN H	CUBA	Cyprus	Bulk cargo	26400	15864	5BXH	PEONY SHIPPING CO. LTD. (SDN)	fka PEONY ISLANDS
HEET	IRAQ	Iraq	Tug	89		N/A	State Org. of Iraqi Ports	
HERMANN	CUBA	Cuba	General cargo	2597	1098	CL2685	Compania Navegacion Golfo S.A.	
HILLAH	IRAQ	Iraq	Service	6,709		YIAR	State Org. of Iraqi Ports	
HIMREEN	IRAQ	Iraq	Service	508		YIHN	State Org. of Iraqi Ports	
HITTIN	IRAQ	Iraq	Tanker	155,210		HNHT	Iraqi Oil Tankers Company	
HUNTSLAND	CUBA						Huntsland Navigation Co., Ltd., Malta	
HUNTSVILLE	CUBA						Huntsville Navigation Co., Ltd., Malta	

Ch. V, App. B

31 CFR Ch. V (7-1-02 Edition)

1010



1011	HURACAN	CUBA							Senanque Shipping Co., Ltd., Cyprus	
	HYALITE	CUBA							Whiteswan Shipping Co., Ltd., Cyprus	
	IBN KHALDOON	IRAQ	Iraq	Service	12,670			HNIN	State Org. of Iraqi Ports	
	IBN MAJID 6	IRAQ	Saudi Arabia	Service				N/A	Iraqi State Company for Oil Projects	
	IMHEJRAN	IRAQ	Iraq	Tug	386			YIMH	State Org. of Iraqi Ports	
	JABHA	IRAQ	Iraq	Tug	244			YIJA	State Org. of Iraqi Ports	
	JAMBUR	IRAQ	Iraq	Tanker	35,338			HNJM	Iraqi Oil Tankers Company	
	JAMHORIA	IRAQ	Iraq	Tug	368			YIJR	State Org. of Iraqi Ports	
	KEFAL	IRAQ	Iraqi flag	Fishing	1,170			HNKL	Rafidain Fisheries Co. Ltd.	
	KERBALA	IRAQ	Iraq	Service				N/A	State Org. of Iraqi Ports	
	KHALID IBIN AL WALEED	IRAQ	Iraq	Service	2,235			YIBM	State Org. of Iraqi Ports	
	KHANAQIN	IRAQ	Iraq	Tanker	35,338			HNKQ	Iraqi Oil Tankers Company	
	KHAWLA BINT AL ZAWRA	IRAQ	Iraq	RO/RO	3,985			HNKH	Iraqi State Enterprise for Water Transport	
	KIRKUK	IRAQ	Iraq	Tanker	35,338			HNKK	Iraqi Oil Tankers Company	
	LAS COLORADOS	CUBA							Naviera Maritima de Arosa, Spain	fka LAURA
	LAURA I	CUBA	Panama	Container ship	2213	1843		HP7988	Naviera Polovina S.A.	
	LILAC ISLANDS	CUBA	Panama	General cargo	15175	8976		3FIM2	VALETTA SHIPPING CORPORATION (SDN)	
	LOTUS ISLANDS	CUBA	Panama	General cargo	15175	8976		3FIL2	WADENA SHIPPING CORPORATION (SDN)	
	MANDALI	IRAQ	Iraq	Service	6,977			YIQS	State Org. of Iraqi Ports	fka ALKADISIYAH
	MAR AZUL	CUBA	Cuba	Tug	NA	212		CL2192	Samir de Navegacion S.A.	
	MAYSALOON	IRAQ	Iraq	Tug	368			YIMY	State Org. of Iraqi Ports	
	MEASAN	IRAQ	Iraq	Tug	310			YIMN	State Org. of Iraqi Ports	
	METHAQ	IRAQ	Iraq	Tug	248			YIMQ	State Org. of Iraqi Ports	
	NAGROOR	IRAQ	Iraqi flag	Fishing	140			N/A	Government of the Republic of Iraq, Ministry of Agriculture & Agrarian Reform, State Fisheries Company, Baghdad, Iraq	
	NAINAWA	IRAQ	Iraq	Tug	310			YINW	State Org. of Iraqi Ports	
	NEW GROVE	CUBA	Cyprus	General cargo	1909	754		P3QJ3	Oakgrove Shipping Co. Ltd.	fka KASPAR
	NISR	IRAQ	Iraq	Service	744			YISR	State Org. of Iraqi Ports	
	NO. 1	IRAQ	Iraq	Service	30			N/A	State Org. of Iraqi Ports	
	NO. 2	IRAQ	Iraq	Service	30			N/A	State Org. of Iraqi Ports	
	NORTH ISLANDS	CUBA	Cyprus	General cargo	15136	8996		P3CH2	NORTH ISLAND SHIPPING CO. LTD. (SDN)	
	NUWAIBI	IRAQ	Iraqi flag	Fishing	140			N/A	Iraqi State Fisheries Co.	
	OHOD 5	IRAQ	Saudi Arabia	Service				N/A	Iraqi State Company for Oil Projects	
	OHOD 6	IRAQ	Saudi Arabia	Service				N/A	Iraqi State Company for Oil Projects	
OHOD 7	IRAQ	Saudi Arabia	Service				N/A	Iraqi State Company for Oil Projects		
ONYX ISLANDS	CUBA							Maryol Enterprises, Inc., Panama		
OROoba	IRAQ	Iraq	Tug	368			YIOB	State Org. of Iraqi Ports		
OTORI MARU No. 2	IRAQ		Service				N/A	State Org. of Iraqi Ports		
PALESTINE	IRAQ	Iraq	Service	4,649			YIFN	State Org. of Iraqi Ports		
PALMA MOCHA	CUBA							Naviera Maritima de Arosa, Spain		
PILOT 393	IRAQ	Iraq	Service				N/A	State Org. of Iraqi Ports		
PILOT 394	IRAQ	Iraq	Service				N/A	State Org. of Iraqi Ports		
PINECONE	CUBA	Cyprus	General cargo	1941	753		P3QH3	Pinecone Shipping Co. Ltd.	fka GRETE	
PINO DEL AGUA	CUBA							Naviera Maritima de Arosa, Spain		

BLOCKED VESSELS—Continued

Vessel Name	Program	Flag	Vessel Type	DWT	GRT	Call Sign	Vessel Owner	Alternate Names
POLICE 1	IRAQ	Iraq	Patrol			N/A	State Org. of Iraqi Ports	
POLICE 2	IRAQ	Iraq	Patrol			N/A	State Org. of Iraqi Ports	
POLICE 3	IRAQ	Iraq	Patrol			N/A	State Org. of Iraqi Ports	
RADHWA 18	IRAQ	Iraq	Tug			N/A	Iraqi State Company for Oil Projects	
RADHWA 19	IRAQ	Iraq	Tug			N/A	Iraqi State Company for Oil Projects	
RADHWA 20	IRAQ	Saudi Arabia	Tug			N/A	Iraqi State Company for Oil Projects	
RAHIM 3	CUBA						Pioneer Shipping Ltd., Malta	
RAVENS	CUBA	Malta	General cargo	2468	1586	9H2485	ATAMALLO SHIPPING CO. LTD. (a.k.a. ANTAMALLO SHIPPING CO. LTD.) (SDN)	
REDESTOS	CUBA	Cyprus	General Cargo	15180	8953	H2SA	REDESTOS SHIPPING CO. LTD. (SDN)	
ROBIAN	IRAQ	Iraqi flag	Fishing	129		N/A	Iraqi State Fisheries Company	
ROSE ISLANDS	CUBA						Shiplely Shipping Corp., Panama	
RUMAILA	IRAQ	Iraq	Tanker	36,330		HNRM	Iraqi Oil Tankers Company	
SAIF SAAD	IRAQ	Iraq	Service	742		N/A	State Org. of Iraqi Ports	
SAMARRA	IRAQ	Iraq	Ferry			YIBC	State Org. of Iraqi Ports	
SANAM	IRAQ	Iraq	Service	508		YISM	State Org. of Iraqi Ports	
SAND SWAN	CUBA	Cyprus	General cargo	2595	1116	P3QG3	Sand & Swan Navigation Co. Ltd.	fka ANA /
SBOOR	IRAQ	Iraqi flag	Fishing	129		HRN2	Iraqi State Fisheries Company	
SEAMUSIC II	IRAQ	Malta	Cargo	26,732		9HYH2	Seamusic Shipping Co. Ltd., c/o Thenamaris Ships Management Inc., Athens, Greece. Vessel seized by Government of Iraq	
SEBAA NISSAN	IRAQ	Iraq	Tug	368		YISN	State Org. of Iraqi Ports	
SENANQUE	CUBA	Cyprus	General cargo	5479	2974	5BJR	SENANQUE SHIPPING CO. LTD. (SDN)	
SHABOOT	IRAQ	Iraq	Fish	1,163		HNLK	Rafidain Fisheries Co. Ltd.	
SHATT AL BASRAH	IRAQ	Iraqi flag	Fishing	404		HNSR	Iraqi State Fisheries Company	
SHOROOK	IRAQ	Iraq	Service	403		YISH	State Org. of Iraqi Ports	
SHU' ALAH	IRAQ	Iraq	Tug			N/A	State Org. of Iraqi Ports	
SIHAN	IRAQ	Iraq	Tug	387		YISI	State Org. of Iraqi Ports	
SINAI	IRAQ	Iraq	Service	1,286		N/A	State Org. of Iraqi Ports	
SINJAR	IRAQ	Iraq	Service			YIAY	State Org. of Iraqi Ports	
SKY SEA	IRAQ	Honduras flag	Cargo	8,334		HNRZ	Pandora Shipping Co. S.A., Honduras. Managed by Petra Navigation & International Trading Co. Ltd., Amman, Jordan.	fka ALRAZI
SOLNECHNIK	IRAQ	Iraqi flag	Fishing	404		UOJE	Iraqi State Fisheries Company	
SOUTH ISLANDS	CUBA	Cyprus	General cargo	15147	8996	C4AN	SOUTH ISLAND SHIPPING CO. LTD.	
STANDWEAR	CUBA	Cyprus	Bulk carrier	19095	12147	5BQH	STANDWEAR SHIPPING CO. LTD. (SDN)	
STAR 1	CUBA						Canapel, S.A., Panama	
SULAIMANIYAH	IRAQ	Iraq	Service			YIAG	State Org. of Iraqi Ports	
SURVEY LAUNCH No. 1	IRAQ		Research			N/A	State Org. of Iraqi Ports	
SURVEY LAUNCH No. 2	IRAQ		research			N/A	State Org. of Iraqi Ports	

SURVEY LAUNCH No. 3	IRAQ		Research			N/A	State Org. of Iraqi Ports	
TADMUR	IRAQ	Iraq	Tanker	3,627		HNTD	Iraqi Oil Tankers Company	
TAHREER	IRAQ	Iraq	Service	4,649		YITR	State Org. of Iraqi Ports	fka PRIMROSE ISLANDS
TAMMANY H	CUBA	Cyprus	Bulk carrier	26400	15864	5BXG	Odielo Shipping Co. Ltd.	
TARIK IBN ZIYAD	IRAQ	Iraq	Tanker	118,139		HNTZ	Iraqi Oil Tankers Company	
TEPHYS	CUBA	Cyprus	General cargo	15123	8935	H2RZ	Tephys Shipping Co. Ltd.	fka PAMIT C
THEEQAR	IRAQ	Iraq	Tug	220		YIAC	State Org. of Iraqi Ports	
TIFON	CUBA	Cuba	Tug	NA	164	CL2059	Samir de Navegacion S.A.	
UR	IRAQ	Iraq	Tug	368		YIUR	State Org. of Iraqi Ports	
WEST ISLANDS	CUBA	Cyprus	General Cargo	15136	9112	C4IB	WEST ISLAND SHIPPING CO. LTD. (SDN)	
WORK BOAT No. 6	IRAQ	Iraq	Barge			N/A	State Org. of Iraqi Ports	
WORKSHIP 3	IRAQ	Iraq	Service			N/A	State Org. of Iraqi Ports	
YANBU 31	IRAQ	Saudi Arabia	Service			N/A	Iraqi State Company for Oil Projects	
YOUSIFAN	IRAQ	Iraq	Tug	386		YIYN	State Org. of Iraqi Ports	
ZAIN AL QAWS	IRAQ	Iraq	Cargo	9,247		HNZQ	Iraqi State Enterprise for Water Transport	
ZAMZAM	IRAQ	Iraq	Tanker	544		YIAZ	State Org. of Iraqi Ports	
ZANOOBIA	IRAQ	Iraqi flag	Cargo	3,549		HNZN	Iraqi State Enterprise for Water Transport. Represented by Ceylon Shipping Co., Colombo, Sri Lanka	
ZUBAIDY	IRAQ	Iraqi flag	Fishing			YIBO	State Org. of Iraqi Ports	

[62 FR 35029, June 27, 1997, as amended at 63 FR 29612, June 1, 1998. Redesignated at 64 FR 34991, June 30, 1999; 64 FR 60671, Nov. 8, 1999]



## CHAPTER VI—BUREAU OF ENGRAVING AND PRINTING, DEPARTMENT OF THE TREASURY

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<i>Part</i>		<i>Page</i>
601	Distinctive paper for United States currency and other securities .....	1017
605	Regulations governing conduct in Bureau of Engraving and Printing Buildings and on the grounds of Washington, DC and Fort Worth, Texas .....	1017



## **PART 601—DISTINCTIVE PAPER FOR UNITED STATES CURRENCY AND OTHER SECURITIES**

Sec.

601.1 Notice to the public.

601.2 Description of paper.

601.3 Use of paper.

601.4 Use of paper; interest-bearing securities of the United States.

601.5 Penalty for unauthorized control or possession.

AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 418; 18 U.S.C. 474A.

SOURCE: 61 FR 10895, Mar. 18, 1996, unless otherwise noted.

### **§ 601.1 Notice to the public.**

The Secretary of the Treasury, by authority of law, has adopted a new distinctive paper for use in printing United States currency in addition to the existing distinctive papers for use in printing United States currency and other securities.

### **§ 601.2 Description of paper.**

The paper utilized in the printing of United States currency and public debt issues is cream-white bank note paper which must contain security features prescribed by the Secretary of the Treasury. All currency paper shall contain distinctive fibers, colored red and blue, incorporated in the body of the paper while in the process of manufacture and evenly distributed throughout. In addition to distinctive red and blue fibers, currency paper shall contain, for denominations prescribed by the Secretary of the Treasury, security threads embedded beneath the surface of the paper during the manufacturing process. Security threads shall contain graphics consisting of the designation "USA" and the denomination of the currency, expressed in alphabetic or numeric characters. In addition to the security thread, for the denominations prescribed by the Secretary of the Treasury, the paper will bear a watermark identical to the portrait to be printed on the paper.

### **§ 601.3 Use of paper.**

The new distinctive paper shall be used for printing Federal Reserve Notes of the denominations prescribed by the Secretary of the Treasury. The

use of the existing distinctive papers, the distinctive features of which consist of distinctive fibers, colored red and blue, incorporated in the body of the paper while in the process of manufacture and evenly distributed throughout, and the security thread containing graphics consisting of the designation "USA" and the denomination of the currency, will be continued for printing of any currency denomination prescribed by the Secretary of the Treasury.

### **§ 601.4 Use of paper; interest-bearing securities of the United States.**

The existing distinctive papers shall be used for the printing of interest-bearing securities of the United States, and for any other printing where the use of distinctive paper is indicated.

### **§ 601.5 Penalty for unauthorized control or possession.**

The Secretary of the Treasury hereby gives notice that the new distinctive paper, together with any other distinctive papers heretofore adopted for the printing of paper currency or other obligations or securities of the United States, is and will be subject to the provisions of 18 U.S.C. 474A which provides, in part, that it is against the law to possess any paper, or facsimile thereof, designated by the Secretary of the Treasury for the printing of U.S. currency or any other security of the United States, except with the permission of the Secretary or the authorized official. This crime is punishable by a fine not to exceed five thousand dollars or imprisonment for not more than fifteen years, or both.

## **PART 605—REGULATIONS GOVERNING CONDUCT IN BUREAU OF ENGRAVING AND PRINTING BUILDINGS AND ON THE GROUNDS OF WASHINGTON, DC AND FORT WORTH, TEXAS**

AUTHORITY: 5 U.S.C. 301; Delegation, Administrator, General Services, dated December 3, 1992; Treasury Delegation, Assistant Secretary (Management), dated February 4, 1993.

**§ 605.1 Conduct on Bureau of Engraving and Printing property.**

(a) *Applicability.* These regulations apply to the Buildings and grounds of the Bureau of Engraving and Printing located in Washington, DC at 14th and C Streets SW., and in Fort Worth, Texas, at 9000 Blue Mound Road, and to all persons entering in or on such property. Unless otherwise stated herein, the Bureau of Engraving and Printing Buildings and grounds shall be referred to in these regulations as the “property.” It is the responsibility of the occupant agencies to require observance of the regulations in this part by their employees.

(b) *Limited access.* (1) The property shall, in general, be closed to the public. Except as specified in this subsection, access is limited to Bureau of Engraving and Printing (BEP) employees and those individuals having official business with the BEP.

(2) Public tours of the facilities are available during authorized hours, or during such other times as the Director may prescribe.

(3) Limited areas of the premises may be open to individuals, authorized by the Director, by prior arrangement on infrequent occasions that are announced in advance.

(4) All persons entering the property, except for the public areas specified in paragraph (b)(2) of this section, may be required to present suitable identification and may be required to sign entry logs or registers.

(5) All persons entering the property may be subjected to screening by weapons detection devices and shall submit to such screening upon request as a condition of entrance.

(6) All persons entering the property may be subjected to inspections of their personal handbags, briefcases, and other handheld articles.

(7) In the event of emergency situations, access to the property may be more tightly controlled and restricted.

(8) Any entrance onto the property without official permission is prohibited.

(c) *Recording presence.* All persons entering the property may be monitored by means of closed circuit television. Most internal areas of the property, especially production areas, are continu-

ously monitored by closed circuit television. Any video image from the closed circuit television systems may be recorded for later use as needed.

(d) *Preservation of property.* It shall be unlawful for any person without proper authority to willfully destroy, damage, deface, or remove property or any part thereof or any furnishings therein.

(e) *Compliance with signs and directions.* Persons in and on the property shall comply with the instructions of BEP Special Police, other authorized officials, and posted signs or notices.

(f) *Nuisances.* The use of loud, abusive, or profane language, unwarranted loitering, unauthorized assembly, the creation of any hazard to persons or property, improper disposal of rubbish, spitting, prurient prying, the commission of any obscene or indecent act, or any other disorderly conduct on the property is prohibited. The throwing of any articles of any kind in, upon, or from the property and climbing upon any part thereof is prohibited.

(g) *Gambling.* (1) Participating in games for money or other property, the operation of gambling devices, the conduct of a lottery or pool, the selling or purchasing of numbers, tickets, or any other gambling in or on the property is prohibited.

(2) Possession in or on the property of any numbers slip or ticket, record, notation, receipt or other writing of a type ordinarily used in any illegal form of gambling such as a tip sheet or dream book, unless explained to the satisfaction of the Director or his delegate, shall be prima facie evidence that there is participation in an illegal form of gambling in or on such property.

(h) *Intoxicating beverages, narcotics, and drugs.* Entering or being on the property, or operating a motor vehicle thereon, by a person under the influence of intoxicating beverages, narcotics, hallucinogenic or dangerous drugs, or marijuana, or the consumption of such beverages or the use of such drugs or marijuana in or on the property is prohibited. Intoxicants, nonprescription narcotics, and other controlled substances (21 CFR part 1308) are prohibited on the property.



(i) *Soliciting, vending, debt collection, and distribution of handbills.* The unauthorized soliciting of alms and contributions, the commercial soliciting and vending of all kinds, the display or distribution of commercial advertising, or the collecting of private debts other than as provided by law, in or on the property is prohibited. This rule does not apply to BEP concessions or notices posted by authorized employees on the bulletin boards. Distribution of material such as pamphlets, handbills, and flyers is prohibited without prior approval from the Director or his delegate.

(j) *Photographs.* The taking of photographs on the property is prohibited, without the written permission of the Director. Title 18 United States Code, Section 474 provides, in part, that whoever photographs any obligation or other security of the United States, or any part thereof, shall be fined not more than \$5,000 or imprisoned not more than 15 years, or both.

(k) *Dogs and other animals.* Dogs and other animals, except seeing-eye dogs, shall not be brought upon the property for other than official purposes.

(1) *Vehicular and pedestrian traffic.* (1) Drivers of all vehicles in or on the property shall drive in a careful and safe manner at all times and shall comply with the signals and directions of BEP Special Police and all posted traffic signs.

(2) The blocking of entrances, driveways, walks, loading platforms, fire hydrants, or standpipes in or on the property is prohibited.

(3) Parking in or on the property is not allowed without a permit or specific authority. Parking without authority, parking in unauthorized locations or in locations reserved for other persons or continuously in excess of 8

hours without permission, or contrary to the direction of BEP Special Police or of posted signs is prohibited.

(4) This subsection may be supplemented from time to time, with the approval of the Director or his delegate, by the issuance and posting of such specific traffic directives as may be required and when so issued and posted such directives shall have the same force and effect as if made a part hereof.

(m) *Weapons and explosives.* No person while on the property shall carry firearms, other dangerous or deadly weapons, or explosives, either openly or concealed, except for official purposes. According to 18 United States Code, Section 930, "dangerous weapon" means "a weapon, device, instrument, material, or substance, animate or inanimate, that is used for, or readily capable of, causing death or serious bodily injury . . . ."

(n) *Penalties and other law.* (1) Violations of this part shall be punishable by a fine of not more than \$50 or imprisonment of not more than 30 days, or both in accordance with 40 United States Code, Section 318c.

(2) Violations of 18 United States Code, Section 930 (dangerous weapon clause) shall be punishable by a fine of \$100,000 or imprisonment for not more than a year, or both, unless there is intent to commit a crime with the weapon, in which case the punishment shall be a fine of \$250,000 or imprisonment for not more than five years, or both.

(3) Nothing contained in this part shall be construed to abrogate any other Federal, District of Columbia, or Texas law or regulations, or any Tarrant County ordinance applicable to the property.

[59 FR 41978, Aug. 16, 1994]



CHAPTER VII—FEDERAL LAW ENFORCEMENT  
TRAINING CENTER,  
DEPARTMENT OF THE TREASURY

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<i>Part</i>		<i>Page</i>
700	Regulations governing conduct in or on the Federal Law Enforcement Training Center (FLETC) buildings and grounds .....	1023



**PART 700—REGULATIONS GOV-  
ERNING CONDUCT IN OR ON  
THE FEDERAL LAW ENFORCEMENT  
TRAINING CENTER (FLETC) BUILD-  
INGS AND GROUNDS**

Sec.

- 700.2 Applicability.
- 700.3 Recording presence.
- 700.4 Preservation of property.
- 700.5 Compliance with signs and directions.
- 700.6 Nuisances.
- 700.7 Alcoholic beverages, narcotics, and drugs.
- 700.8 Soliciting, vending, debt collection, and distribution of handbills.
- 700.9 Photographs for news, advertising, or commercial purposes.
- 700.10 Vehicular and pedestrian traffic.
- 700.11 Weapons and explosives.
- 700.12 Authority to search persons and vehicles.
- 700.13 Nondiscrimination.
- 700.14 Smoking.

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 321; Treasury Department Order No. 140-01, dated September 20, 1994; 41 FR 5869, dated Feb. 10, 1996.

SOURCE: 63 FR 39730, July 24, 1998, unless otherwise noted.

**§ 700.2 Applicability.**

The regulations in this part apply to the buildings and surrounding property of the FLETC, Glynco, Georgia; Artesia, New Mexico; FLECT's Washington Office; any other temporary site FLETC may occupy; and to all persons entering such buildings or property.

**§ 700.3 Recording presence.**

Except as otherwise ordered, the property shall be closed to the general public. Admission to the property will be limited to authorized individuals who will be required to obtain a visitor's pass and/or display identification documents, in accordance with FLETC policy.

**§ 700.4 Preservation of property.**

It shall be unlawful for any person without proper authority to willfully destroy, damage, deface, or remove property (including Federal records) or any part thereof or any furnishing therein.

**§ 700.5 Compliance with signs and directions.**

Persons in and on the property shall comply with the instructions of uniformed FLETC security officers, other authorized officials, official signs of a prohibitory or directory nature, and all applicable statutes and regulations.

**§ 700.6 Nuisances.**

The use of loud, abusive, or profane language, except as part of an authorized practical training exercise, unwarranted loitering, unauthorized assembly, the creation of any hazard to persons or things, improper disposal of rubbish, or the commission of any disorderly conduct on the property is prohibited. Prohibited actions in the preceding sentence are limited to those actions which impede, obstruct, or otherwise interfere with the Government's business which includes, among other things, the maintenance of the facility, protection of persons and property, and the smooth administration of academic activities and supporting services. The entry, without specific permission, upon any part of the property to which authorized visitors do not customarily have access, is prohibited.

**§ 700.7 Alcoholic beverages, narcotics, and drugs.**

Entering or being on the property, or operating a motor vehicle thereon, by a person under the influence of alcoholic beverages, narcotics, hallucinogenic or dangerous drugs, or marijuana is prohibited. The possession or use of any unlawful drug or substance contrary to the provisions of Federal, State, or local law in or on the property is prohibited.

**§ 700.8 Soliciting, vending, debt collection and distribution of handbills.**

The unauthorized soliciting for charity and contributions, commercial soliciting and vending of all kinds, the display or distribution of commercial advertising, or the collecting of private debts, other than legal service of process, in or on the property, is prohibited. This prohibition does not apply to Federal Law Enforcement Training Center concessions or notices posted by authorized employees on the bulletin boards. Distribution of material such

**§ 700.9**

as pamphlets, handbills, and flyers is prohibited without prior approval of the Director.

**§ 700.9 Photographs for news, advertising, or commercial purposes.**

Photographs for news, advertising, or commercial purposes may be taken on the property only with the prior permission of the Director. Taking photographs of a student is prohibited without the consent of the student.

**§ 700.10 Vehicular and pedestrian traffic.**

(a) Drivers of all vehicles on the property shall drive in a careful and safe manner at all times and shall comply with the signals and directions of security officers and all posted traffic signs. All persons on the property must comply with all applicable Federal, State, and local laws. All drivers operating a vehicle on property roadways must possess a valid driver's license.

(b) The blocking of entrances, driveways, walks, loading platforms, or firehydrants in or on the property is prohibited.

(c) Parking is permitted only in authorized locations.

(d) This section may be supplemented from time to time by the Director by the issuance and posting of traffic directives. When so issued and posted, such directives shall have the same force and effect as if made a part hereof.

**§ 700.11 Weapons and explosives.**

No person, while on the property, shall carry firearms, other dangerous

**31 CFR Ch. VII (7-1-02 Edition)**

or deadly weapons, or explosives, either openly or concealed, except for authorized training or official purposes, in accordance with FLETC regulations.

**§ 700.12 Authority to search persons and vehicles.**

Persons and vehicles entering upon FLETC facilities are subject to search by authorized security officers.

**§ 700.13 Nondiscrimination.**

(a) No one entering upon FLETC property shall discriminate against or harass any other person on such property, on the basis of race, color, religion, national origin, sex, sexual orientation, age, or disability. Sexual harassment is a form of sex discrimination and is expressly prohibited.

(b) Appropriate action will be taken against any person who violates any discrimination prohibition contained in paragraph (a) of this section. However, this section does not create any legal rights enforceable against the Department of the Treasury, its officers, or employees, or any other person. Although this section does not create any enforceable rights, actions in violation of the section may still result in civil or criminal action in accordance with applicable laws.

**§ 700.14 Smoking.**

Smoking of cigarettes, cigars and pipes is prohibited in all FLETC buildings and vehicles.

## CHAPTER VIII—OFFICE OF INTERNATIONAL INVESTMENT, DEPARTMENT OF THE TREASURY

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<i>Part</i>		<i>Page</i>
800	Regulations pertaining to mergers, acquisitions, and takeovers by foreign persons .....	1027





## **PART 800—REGULATIONS PERTAINING TO MERGERS, ACQUISITIONS, AND TAKEOVERS BY FOREIGN PERSONS**

### **Subpart A—General**

- Sec.  
800.101 Scope.  
800.102 Effect on other laws.  
800.103 Prior acquisitions.  
800.104 Transactions or devices for avoidance.

### **Subpart B—Definitions**

- 800.201 Acquisition.  
800.202 Affiliate.  
800.203 Committee; Chairman of the Committee.  
800.204 Control.  
800.205 Conversion.  
800.206 Convertible voting security.  
800.207 Effective date.  
800.208 Engage in.  
800.209 Entity.  
800.210 Foreign government.  
800.211 Foreign interest.  
800.212 Foreign national.  
800.213 Foreign person.  
800.214 Hold.  
800.215 Parent.  
800.216 A party or parties to an acquisition.  
800.217 Person.  
800.218 Section 721.  
800.219 Solely for the purpose of investment.  
800.220 United States.  
800.221 United States national.  
800.222 United States person.  
800.223 Voting securities.

### **Subpart C—Coverage**

- 800.301 Transactions that are acquisitions under section 721.  
800.302 Transactions that are not acquisitions under section 721.  
800.303 Lending transactions.

### **Subpart D—Notice**

- 800.401 Procedures for notice.  
800.402 Contents of voluntary notice.  
800.403 Treatment of certain voluntary notices.  
800.404 Beginning of thirty-day review period.

### **Subpart E—Committee Procedures: Review and Investigation**

- 800.501 General.  
800.502 Determination not to investigate.  
800.503 Commencement of investigation.  
800.504 Completion or termination of investigation and report to the President.  
800.505 Withdrawal of notice.

### **Subpart F—Presidential Action**

- 800.601 Statutory time frame, standards for Presidential action, and permissible actions under section 721.

### **Subpart G—Provision and Handling of Information**

- 800.701 Obligation of parties to provide information.  
800.702 Confidentiality.

APPENDIX A TO PART 800—PREAMBLE TO REGULATIONS ON MERGERS, ACQUISITIONS, AND TAKEOVERS BY FOREIGN PERSONS (PUBLISHED NOVEMBER 21, 1991)

APPENDIX B TO PART 800—PREAMBLE TO REGULATIONS ON MERGERS, ACQUISITIONS, AND TAKEOVERS BY FOREIGN PERSONS (PUBLISHED MAY 25, 1994)

AUTHORITY: Section 721 of Pub. L. 100-418, 102 Stat. 1107, made permanent law by section 8 of Pub. L. 102-99, 105 Stat. 487 (50 U.S.C. App. 2170) and amended by section 837 of the National Defense Authorization Act for Fiscal Year 1993, Pub. L. 102-484, 106 Stat. 2315, 2463; E.O. 12661, 54 FR 779, 3 CFR, 1988 Comp., p. 618.

SOURCE: 56 FR 58780, Nov. 21, 1991, unless otherwise noted.

### **Subpart A—General**

#### **§ 800.101 Scope.**

The regulations in this part implement section 721 of title VII of the Defense Production Act of 1950, hereinafter referred to as “section 721” (see § 800.216 of this part). The definitions in this part are applicable to section 721 and these regulations. The principal purpose of section 721 is to authorize the President to suspend or prohibit any merger, acquisition, or takeover, by or with a foreign person, of a person engaged in interstate commerce in the United States when, in the President’s view, the foreign interest exercising control over that person might take action that threatens to impair the national security. In addition, section 721 authorizes the President to seek divestment or other appropriate relief in the case of concluded transactions.

#### **§ 800.102 Effect on other laws.**

Nothing in this part shall be construed to alter or affect any existing power, process, regulation, investigation, enforcement measure, or review provided by any other provision of law.

**§ 800.103 Prior acquisitions.**

Section 721 and the regulations in this part apply to acquisitions concluded on or after the effective date (as defined in § 800.207), including acquisitions concluded prior to issuance of these regulations. Section 721 and the regulations in this part do not apply to acquisitions concluded prior to the effective date.

**§ 800.104 Transactions or devices for avoidance.**

Any transaction(s) or other device(s) entered into or employed for the purpose of avoiding section 721 shall be disregarded, and section 721 and these rules shall be applied to the substance of the transaction(s).

*Example.* Corporation A is organized under the laws of a foreign state and is wholly owned and controlled by a foreign national. With a view towards avoiding possible application of section 721, Corporation A transfers money to a U.S. citizen, who, pursuant to informal arrangements with Corporation A and on its behalf, purchases all the shares in Corporation X, a corporation which is organized under the laws of a state of the United States, and which engages in business activities in the United States. That sham transaction is subject to section 721.

**Subpart B—Definitions**

**§ 800.201 Acquisition.**

The term *acquisition* is used in these regulations to refer collectively to an acquisition, merger, or takeover. It includes, without limitation:

- (a) The acquisition of a person by:
  - (1) The purchase of its voting securities,
  - (2) The conversion of its convertible voting securities,
  - (3) The acquisition of its convertible voting securities if that involves the acquisition of control, or
  - (4) The acquisition and the voting of proxies, if that involves the acquisition of control.

(b) The acquisition of a business, including any acquisition of production or research and development facilities operated prior to the acquisition as part of a business, if there will likely be a substantial use of:

- (1) The technology of that business, excluding technical information gen-

erally accompanying the sale of equipment, or

- (2) Personnel previously employed by that business.
- (c) A consolidation.

*Example* (relating to paragraph (b) of this section). Corporation A, organized under the laws of a foreign state and wholly owned and controlled by a foreign national, acquires, from separate United States nationals, (a) products held in inventory, (b) land, and (c) machinery for export. Corporation A has not acquired a business and has not made an acquisition within the meaning of these regulations.

**§ 800.202 Affiliate.**

An *affiliate* of an entity, as that term is used in §§ 800.205 and 800.402, is any other entity in the chain of ownership between a parent and that entity.

*Example.* Corporation P holds 50 percent of the voting securities of Corporations R and S. Corporation R holds 40 percent of the voting securities of Corporation X, and Corporation S holds 50 percent of the voting securities of Corporation Y. Under this definition, Corporation S is an affiliate of Corporation Y. (An entity can be both an affiliate and a parent.) Corporation R is not an affiliate of Corporation S or Y because it is not in the chain of ownership between Corporation P and Corporation Y. Corporation X is also not an affiliate of Corporation Y.

**§ 800.203 Committee; Chairman of the Committee.**

The term *Committee* means the Committee on Foreign Investment in the United States, as established in Executive Order No. 11858, 40 FR 20263, 3 CFR, 1971-1975 Comp., p. 990, as amended. The Chairman of the Committee is the Secretary of the Treasury.

**§ 800.204 Control.**

(a) The term *control* means the power, direct or indirect, whether or not exercised, and whether or not exercised or exercisable through the ownership of a majority or a dominant minority of the total outstanding voting securities of an issuer, or by proxy voting, contractual arrangements or other means, to determine, direct or decide matters affecting an entity; in particular, but without limitation, to determine, direct, take, reach or cause decisions regarding:

(1) The sale, lease, mortgage, pledge or other transfer of any or all of the principal assets of the entity, whether or not in the ordinary course of business;

(2) The dissolution of the entity;

(3) The closing and/or relocation of the production or research and development facilities of the entity;

(4) The termination or non-fulfillment of contracts of the entity; or

(5) The amendment of the Articles of Incorporation or constituent agreement of the entity with respect to the matters described at paragraph (a) (1) through (4) of this section.

(b) In examining questions of control in situations where more than one foreign person has an interest in a U.S. person, consideration will be given to factors such as whether the foreign persons are related and/or whether they have commitments to act in concert.

#### § 800.205 Conversion.

The term *conversion* means the exercise of a right inherent in the ownership or holding of particular securities to exchange such securities for securities which currently entitle the owner or holder to vote for directors of the issuer or of any affiliate of the issuer.

#### § 800.206 Convertible voting security.

The term *convertible voting security* means a security which currently does not entitle its owner or holder to vote for directors of any entity and which is convertible into a voting security. See §§ 800.201 and 800.302(c).

#### § 800.207 Effective date.

The term *effective date* means August 23, 1988, the date section 721 became effective.

#### § 800.208 Engage in.

The term *engage in*, as used in the phrase *seeks to engage in any merger, acquisition or takeover* in section 721(b), means *seeks to acquire control through*.

[59 FR 27179, May 25, 1994]

#### § 800.209 Entity.

The term *entity* means any branch, partnership, associated group, association, estate, trust, corporation, divi-

sion of a corporation, business enterprise, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government sponsored agency).

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

#### § 800.210 Foreign government.

The term *foreign government* means any government or body exercising governmental functions, other than the government of the United States, a State of the United States, or a political subdivision of the United States or a State. The term includes but is not limited to national, state, provincial and municipal governments, including their respective departments, agencies, government-owned enterprises and other agencies and instrumentalities.

[59 FR 27179, May 25, 1994]

#### § 800.211 Foreign interest.

The term *foreign interest* means any foreign person, including a foreign government.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

#### § 800.212 Foreign national.

The term *foreign national* means any natural person other than a United States national.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

#### § 800.213 Foreign person.

The term *foreign person* means

(a) Any foreign national or

(b) Any entity over which control is exercised or exercisable by a foreign interest.

*Example 1.* Corporation A is organized under the laws of a foreign state and is engaged in business outside the United States. All its shares are held by Corporation X, which controls Corporation A. Corporation X is organized in the United States, and is wholly owned and controlled by U.S. nationals. Corporation A, although organized and operating outside the U.S., is not a "foreign

## § 800.214

person,” and its acquisition of a U.S. person would not be subject to section 721.

*Example 2.* Same facts as in the first two sentences of Example 1, except that Country A through governmental intervenors exercises full decision-making power over Corporation A, including the decisions described in § 800.204 (a) through (e). There is a foreign interest which is exercising control over Corporation A, which is a “foreign person.”

*Example 3.* Corporation A is organized under the laws of a foreign state and is owned and controlled by a foreign national. Through a branch, Corporation A engages in business in the United States. Corporation A and/or its branch is a “foreign person” should Corporation A make an acquisition. Its branch business in the United States is also a “U.S. person” which may be the subject of an acquisition.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

## § 800.214 Hold.

The terms *hold(s)* and *holding* mean legal or beneficial ownership, whether direct or indirect, through fiduciaries, agents or other means.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

## § 800.215 Parent.

The term *parent*, as used in §§ 800.302 and 800.402, means a person who or which, directly or indirectly,

(a) Holds or will hold 50 percent or more of the outstanding voting securities of an entity; or

(b) In case of an entity that has no outstanding voting securities, holds or will hold the right to 50 percent or more of the profits of the entity, or has or will have the right in the event of the dissolution to 50 percent or more of the assets of the entity.

*Example.* Corporation P holds 50 percent of the voting securities of Corporations R and S. Corporation R holds 40 percent of the voting securities of Corporation X, and Corporation S holds 50 percent of the voting securities of Corporation Y. Corporation P is a parent of Corporations R, S and Y, but not of Corporation X. Corporation S is a parent of Corporation Y because it holds 50 percent of the voting securities of Corporation Y.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

## 31 CFR Ch. VIII (7–1–02 Edition)

## § 800.216 A party or parties to an acquisition.

The terms *party to an acquisition* and *parties to an acquisition* mean:

(a) In the case of an acquisition of a person by the purchase of its voting securities, the person acquiring the voting securities, and the person issuing those voting securities;

(b) In the case of a merger, the surviving person, and the person or persons that lose its or their separate pre-merger identity;

(c) In the case of an acquisition of an entity or a business of an entity, the person acquiring or seeking to acquire that entity or business, and the person selling that entity or business;

(d) In the case of a consolidation, the entities being consolidated, and the new consolidated entity;

(e) In the case of a proxy solicitation, the person soliciting proxies, and the person who issued the voting securities.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

## § 800.217 Person.

The term *person* means any natural person or entity.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

## § 800.218 Section 721.

The term *Section 721* means section 721 of title VII of the Defense Production Act of 1950, 50 U.S.C. App. 2171, as added by section 5021 of the Omnibus Trade and Competitiveness Act of 1988, Public Law 100–418, 102 Stat. 1107.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

## § 800.219 Solely for the purpose of investment.

(a) Voting securities are held or acquired “solely for the purpose of investment” if the person holding or acquiring such voting securities has no intention of determining or directing the basic business decisions of the issuer, including those at § 800.204(a) (1) through (5).

(b) Voting securities are not held solely for the purpose of investment if the person holding or acquiring such voting securities:

(1) Possesses or develops any purpose other than investment, or

(2) Takes any action inconsistent with acquiring or holding such securities solely for the purpose of investment.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

#### § 800.220 United States.

The term *United States* means the United States of America, the States of the United States, the District of Columbia, and any commonwealth, territory, dependency, or possession of the United States, and includes the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1131 (a)). For purposes of these regulations and their examples, an entity organized under the laws of the United States of America, one of the States, the District of Columbia, or a commonwealth, territory, dependency or possession of the United States, is an entity organized "in the United States."

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

#### § 800.221 United States national.

The term *United States national* or *U.S. national* means a citizen of the United States or a natural person who, although not a citizen of the United States, owes permanent allegiance to the United States.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

#### § 800.222 United States person.

The term *U.S. person* or *United States person* means any natural person or entity but, in the case of the latter, only to the extent of its business activities in interstate commerce in the United States, irrespective of the nationality of the natural persons or entities which control it.

*Example 1.* Corporation A is organized under the laws of a foreign state and is wholly owned and controlled by a foreign national. It engages in business activities in a state of the U.S. through a branch office or subsidiary. That branch office or subsidiary of Corporation A is an "entity" and a "U.S. person." The branch office or subsidiary is also a foreign person under § 800.213.

*Example 2.* Same facts as in the first sentence of Example 1. Corporation A, however, does not have a branch office, subsidiary or fixed place of business in the United States. It exports and licenses technology to an unrelated company in the United States. Corporation A is not a "U.S. person."

*Example 3.* Corporation A is organized under the laws of a foreign state and is wholly owned and controlled by Corporation X. Corporation X is organized in the United States and is wholly owned and controlled by U.S. nationals. Corporation A does not have a branch office, subsidiary, or fixed place of business in the United States. It exports goods to Corporation X and to unrelated companies in the United States. The sale of Corporation A by Corporation X to a foreign person would not constitute an acquisition of a U.S. person for purposes of section 721.

[56 FR 58780, Nov. 21, 1991. Redesignated and amended at 59 FR 27179, May 25, 1994]

#### § 800.223 Voting securities.

The term *voting securities* means any securities which at present or upon conversion entitle the owner or holder thereof to vote for the election of directors of the issuer, or, with respect to unincorporated entities, individuals exercising similar functions.

[56 FR 58780, Nov. 21, 1991. Redesignated at 59 FR 27179, May 25, 1994]

### Subpart C—Coverage

#### § 800.301 Transactions that are acquisitions under section 721.

(a) Section 721 applies to acquisitions:

(1) Proposed or pending on or after the effective date

(2) By or with foreign persons

(3) Which could result in foreign control of persons engaged in interstate commerce in the United States.

(b) Transactions that are acquisitions under section 721 include, without limitation:

(1) Proposed or completed acquisitions by or with foreign persons which could or did result in foreign control of a U.S. person, irrespective of the actual arrangements for control planned or in place for that particular acquisition.

*Example 1.* Corporation A, a foreign person, proposes to purchase all the shares in Corporation X, which is organized in the United States and engages in interstate commerce in the United States.

Under the applicable law, Corporation A will have the right to elect directors and appoint other primary officers of Corporation X, and those directors will have the right to reach decisions about the closing and relocation of particular production facilities, and the termination of contracts. They also will have the right to propose (for approval by Corporation A as a shareholder) the dissolution of Corporation X and the sale of its principal assets.

For purposes of section 721, the proposed acquisition of Corporation X by Corporation A would result in control of a U.S. person (Corporation X) by a foreign person (Corporation A).

*Example 2.* Same facts as in Example 1, except that Corporation A plans to retain the existing directors of Corporation X, all of whom are U.S. nationals.

Although, under these plans, Corporation A may not in fact exercise control over Corporation X (because the directors as U.S. nationals may exercise that control), the acquisition of Corporation X by Corporation A still would result in foreign control over a U.S. person for purposes of section 721.

(2) A proposed acquisition by or with a foreign person, which could result in foreign control of a U.S. person, including, without limitation, an offer to purchase all or a substantial portion of the securities of a U.S. person.

*Example.* Corporation A, a foreign person makes an offer to purchase all the shares in Corporation X, a U.S. person. That acquisition is “proposed” and subject to section 721.

(3) Proposed or completed acquisitions, even by entities organized in the United States, if those entities are “foreign persons,” and if those acquisitions could or did result in a different foreign interest controlling the U.S. person to be acquired.

*Example 1.* Corporation X is organized and operates in the United States. Its shares are held by a foreign person. While Corporation X is a “U.S. person,” it is also a “foreign person” within the meaning of section 721, because control over it is or could be exercised by a foreign person. Its acquisition of a U.S. person is subject to section 721 because that acquisition could result in control by Corporation X (a “foreign person”) of a U.S. person.

*Example 2.* Same facts as Example 1, except that Corporation Y, a foreign person, seeks to acquire Corporation X from its existing shareholder. That proposed acquisition is subject to section 721 because it could result in control of Corporation X (in this context a “U.S. person”) by a different foreign person (Corporation Y).

(4) Proposed or completed acquisitions by or with foreign persons which involve acquisitions of businesses and could or did result in foreign control of businesses located in the United States.

*Example 1.* Corporation A, a foreign person, proposes to buy a branch office business in the United States of Corporation X, which is a foreign person. For purposes of these regulations, the branch office business of Corporation X is a United States person to the extent of its business activities in the U.S., and the proposed acquisition of the business in question is subject to section 721.

*Example 2.* Corporation A, a foreign person, buys a branch office business located entirely outside the United States of Corporation Y, which is incorporated in the United States. The branch office business of Corporation Y is not deemed to be a United States person, and the acquisition is not subject to section 721.

*Example 3.* Corporation A, a foreign person, makes a start-up or “greenfield” investment in the United States. That investment involves such activities as separately arranging for the financing of and the construction of a plant to make a new product, buying supplies and inputs, hiring personnel, and purchasing the necessary technology. The investment may involve the acquisition of shares in a newly incorporated subsidiary. Corporation A will not have acquired the “business” of a U.S. person, and its greenfield investment is not subject to section 721.

(5) Joint ventures in which a United States person and a foreign person enter into contractual or other similar arrangements, including agreements on the establishment of a new entity, but only if a United States person contributes an existing identifiable business in the United States and a foreign interest would gain control over that existing business by means of the joint venture.

*Example 1.* Corporation A, a foreign person, and Corporation X, a United States person, form a separate corporation, JV Corp., to which Corporation X contributes an identifiable business in the United States. There is no foreign interest which does or could exercise control over Corporation X. Under the Articles of Incorporation of JV Corp., Corp. A through its shareholding in JV Corp. may elect a majority of the Board of Directors of JV Corp. The formation of JV Corp. could result in foreign control of a U.S. person and is an acquisition subject to section 721.

*Example 2.* Same facts as in Example 1, except that Corporations A and X each own 50 percent of the shares of JV Corp. and, under

the Articles of Incorporation of JV Corp. both A and X have veto power over all decisions by JV Corp. identified under § 800.204(a) (1) through (5). The formation of JV Corp. is not an acquisition subject to section 721.

*Example 3.* Corporation A, a foreign person, and Corporation X, a United States person, form a separate corporation, JV Corp., to which Corporation A contributes funding and managerial and technical personnel, while Corporation X contributes certain patents and equipment that do not under these circumstances constitute an identifiable business. The formation of JV Corp. is not an acquisition subject to section 721.

[56 FR 58780, Nov. 21, 1991, as amended at 59 FR 27179, May 25, 1994]

#### § 800.302 Transactions that are not acquisitions under section 721.

The following transactions are not considered acquisitions for purposes of section 721:

(a) An acquisition of voting securities pursuant to a stock split or pro rata stock dividend which does not involve a change in control.

(b) An acquisition in which the parent of the entity making the acquisition is the same as the parent of the entity being acquired.

*Example.* Corporation A, a foreign person, merges its two wholly owned U.S. subsidiaries S1 and S2, and in addition creates a new U.S. subsidiary, S3. S3 then buys a business from S4, another wholly-owned U.S. subsidiary of Corporation A. These acquisitions are not subject to section 721.

(c) An acquisition of convertible voting securities that does not involve control.

*Example.* Corporation A, a foreign person, buys debentures, options and warrants of Corporation X, a U.S. person. By their terms, the debentures are convertible into common stock, and the options and warrants can be exercised for common stock. The acquisition of those debentures, options and warrants is not subject to section 721 so long as it does not involve control. The conversion of those debentures into common stock, or the exchange of those options and warrants for common stock, may be an acquisition for purposes of section 721. See § 800.201.

(d) A purchase of voting securities or comparable interests in a United States person solely for the purpose of investment, as defined in § 800.219, if, as a result of the acquisition,

(1) The foreign person would hold ten percent or less of the outstanding vot-

ing securities of the U.S. person, regardless of the dollar value of the voting securities so acquired or held, or

(2) The purchase is made directly by a bank, trust company, insurance company, investment company, pension fund, employee benefit plan, mutual fund, finance company or brokerage company in the ordinary course of business for its own account, provided that a significant portion of that business does not involve the acquisition of entities.

*Example 1.* In an open market purchase solely for the purpose of investment, Corporation A, a foreign person, acquires 7 percent of the voting securities of Corporation X, which is incorporated under the laws of the United States. The acquisition of those securities is not subject to section 721.

*Example 2.* Same facts as Example 1 except Corporation A is an investment company which makes only portfolio investments. It purchases 14 percent of the voting securities of Corporation X for its own account, solely for the purpose of investment. The acquisition of those securities is not subject to section 721.

*Example 3.* Same facts as Example 2 except that a significant portion of the business of Corporation A is acquiring control over corporations. Its purchase of 14 percent of the shares of Corporation X is subject to section 721.

(e) An acquisition of assets in the United States that does not constitute a business in the United States. See §§ 800.201 and 800.301(b)(4).

*Example 1.* Corporation A, a foreign person, acquires, from separate United States nationals, (a) products held in inventory, (b) land, and (c) machinery for export. Corporation A has not acquired a "business" within the meaning of section 721.

*Example 2.* Corporation X produces armored personnel carriers in the United States. Corporation A, a foreign person, seeks to acquire the annual production of those carriers from Corporation X under a long-term contract. Neither the proposed acquisition of those carriers, nor the actual acquisition, is subject to section 721.

*Example 3.* Same facts as Example 2, except that Corporation X, a U.S. person, has developed important technology in connection with the production of armored personnel carriers. Corporation A seeks to negotiate an agreement under which it would be licensed to manufacture using that technology. Neither the proposed acquisition of technology pursuant to that license agreement, nor the actual acquisition, is subject to section 721.

## § 800.303

*Example 4.* Same facts as Example 2, except that Corporation A enters into a contractual arrangement to acquire the entire armored personnel carrier business of Corporation X, including production facilities, customer lists, technology and staff. This acquisition is subject to section 721. See § 800.201.

(f) An acquisition of securities by a person acting as a securities underwriter, in the ordinary course of business, and in the process of underwriting.

(g) An acquisition pursuant to a condition in a contract of insurance relating to fidelity, surety, or casualty obligations if the contract was made by an insurer in the ordinary course of business.

(h) An acquisition of a security interest, but not control, in the voting securities or assets of a U.S. person at the time a loan or other financing is extended (see § 800.303).

(i) An acquisition of voting securities or assets that does not involve an acquisition of control of a person engaged in interstate commerce in the United States.

*Example 1.* Corporation A, which is organized under the laws of a foreign state and is controlled by foreign persons, advises the Committee that it intends to acquire seven percent of the voting securities of Corporation X, which is organized under the laws of the United States and engaged in interstate commerce within the United States. In this particular case, Corporation A's purchase of this interest in Corporation X would not be sufficient to permit Corporation A to control Corporation X for purposes of § 800.204. This transaction is not an acquisition for purposes of section 721.

*Example 2.* Corporation A, which is organized under the laws of a foreign state and controlled by foreign persons, acquires from Corporation B 100 percent of the voting securities of Corporation X, a wholly-owned subsidiary of Corporation B that is organized under the laws of the United States. Corporation X currently has no employees, plants, equipment or subsidiaries in the United States. Corporation B maintains records in the United States on behalf of Corporation X and uses U.S. mail and telecommunications facilities on its behalf. For purposes of section 721, Corporation X is not engaged in interstate commerce in the United States, and the acquisition by Corporation A of securities of Corporation X is

## 31 CFR Ch. VIII (7-1-02 Edition)

not an acquisition for purposes of section 721.

[56 FR 58780, Nov. 21, 1991, as amended at 59 FR 27179, May 25, 1994]

### § 800.303 Lending transactions.

(a) The extension of a loan or similar financing by a foreign person to a U.S. person, accompanied by the creation in the foreign person of a secured interest in securities or other assets of the U.S. person, does not, by itself, subject the transaction to section 721. However, if control is acquired by the foreign person at the time the loan or other financing is extended, then the transaction may be subject to section 721.

(1) The Committee will not, at the time of extension of the loan or other financing, accept notices from parties to a loan or other financing transaction in which control is not acquired by the foreign person at that time.

(2) The Committee will accept notices concerning transactions that involve loans or financing by foreign persons where, because of imminent or actual default or other condition, there is a significant possibility that the foreign person may obtain control of the U.S. person.

(3) For purposes of this section, in determining whether an acquisition of a U.S. person by a foreign person results in foreign control under section 721, the Committee will take into account arrangements which the foreign person might establish to transfer day-to-day control over the U.S. person to U.S. nationals.

(b) Control will not be deemed to be acquired for purposes of section 721 in cases involving an acquisition of voting securities or assets of a U.S. person by a foreign person upon default, or other condition, involving a loan or other financing, provided that the loan was made by a syndicate of banks in a loan participation where the foreign lender (or lenders) in the syndicate:

(1) Needs the majority consent of the U.S. participants in the syndicate to take action, and cannot on its own initiate any action vis-a-vis the debtor; or

(2) Does not have a lead role in the syndicate, and is subject to a provision in the loan or financing documents limiting its influence, ownership or control of the debtor such that control



for purposes of § 800.204 could not be acquired.

### Subpart D—Notice

#### § 800.401 Procedures for notice.

(a) A party or the parties to an acquisition subject to section 721 may submit a voluntary notice to the Committee of the proposed or completed acquisition by sending thirteen copies of the information set out in § 800.402 to the Staff Chairman of the Committee on Foreign Investment in the United States (hereinafter “Staff Chairman”), Office of International Investment, room 5100, Department of the Treasury, 15th Street and Pennsylvania Avenue, NW., Washington, DC 20220.

(b) Any member of the Committee may submit an agency notice of a proposed or completed acquisition to the Committee through its Staff Chairman if that member has reason to believe, based on facts then available, that the acquisition is subject to section 721 and may have adverse impacts on the national security. In the event of agency notice, the Committee will promptly furnish the parties to the acquisition with written advice of such notice.

(c) No agency notice, or review or investigation by the Committee, shall be made with respect to a transaction more than three years after the date of conclusion of the transaction, unless the Chairman of the Committee, in consultation with other members of the Committee, requests an investigation.

(d) No communications other than those described in paragraphs (a) and (b), and (c) of this section shall constitute notice for purposes of section 721.

[56 FR 58780, Nov. 21, 1991, as amended at 59 FR 27179, May 25, 1994]

#### § 800.402 Contents of voluntary notice.

(a) If the parties to an acquisition jointly submit a voluntary notice, they shall provide in detail the information set out in this section, which must be accurate and complete with respect to all parties. All parties shall sign a joint notice.

(b) If fewer than all the parties to an acquisition submit a voluntary notice:

(1) Each notifying party shall provide the information set out in this section with respect to itself and, to the extent known or reasonably available to it, with respect to each non-notifying party.

(2) The Staff Chairman may delay acceptance of the notice, and the beginning of the thirty-day review period, in order to obtain any information set forth under this section that has not been submitted by the notifying party. Where necessary to obtain such information, the Staff Chairman may inform the non-notifying party or parties that notice has been initiated with respect to a proposed transaction involving the party, and request that certain information set forth in this section, as specified by the Staff Chairman, be forwarded to the Committee within seven days after such request by the Staff Chairman.

(c) A voluntary notice submitted pursuant to § 800.401(a) shall describe:

(1) The transaction in question, including

(i) A summary setting forth the essentials of the transaction;

(ii) The nature of the transaction, *e.g.*, whether the acquisition is by merger, consolidation, the purchase of voting securities, or otherwise;

(iii) The name, United States address (if any), and address of the principal place of business of the foreign person making the acquisition;

(iv) The name and address of the U.S. person being acquired;

(v) The name, address and nationality of the parent, if any, of the foreign person making the acquisition, and of each affiliate of that person;

(vi) The name, address and nationality of the persons or interests that will control the U.S. person being acquired; and

(vii) The expected date for concluding the transaction, or the date it was concluded.

(2) The assets of the U.S. person being acquired (to be described only for an acquisition of an entity structured as an acquisition of assets or a business).

(3) With respect to the U.S. person being acquired, and any entity of which it is a parent that is also being acquired:

§ 800.402

31 CFR Ch. VIII (7-1-02 Edition)

(i) The business activities of each of them, as, for example, set forth in annual reports, and the product lines of each;

(ii) The street address (or mailing address, if different) within the United States of the facilities of each of them, which are manufacturing classified or unclassified products or producing services described in subparagraph (v) below, and their respective Commercial and Government Entity Code (CAGE Code), if any, assigned by the Department of Defense;

(iii) Except as may be identified in paragraph (c)(3)(iv) of this section, each contract (identified by agency and number), which is currently in effect, or was in effect within the past three years, with an agency of the Government of the United States with national defense responsibilities, including any component of the Department of Defense, and the name, office, and telephone number of the contracting official;

(iv) Each contract (identified by agency and number), which is currently in effect or was in effect within the past five years, with any agency of the Government of the United States involving any information, technology or data, which is classified under Executive Order 12356 of April 2, 1982, and the name, office, and telephone number of the contracting official;

(v) Any products or services (including research and development) of each of them with respect to which

(A) It is a supplier, for example, a prime contractor, or a first tier subcontractor, or, if known, a subcontractor at any tier, to the Department of Defense or any component of the Department of Defense, or a seller to any such prime contractor or subcontractor, and, to the knowledge of the parties submitting notice, to what extent the U.S. person is a sole-source supplier to the Department of Defense for a particular product or service;

(B) It has technology which has military applications.

(4) Whether the U.S. person being acquired produces:

(i) Products or technical data subject to validated licenses or under General License GTDR pursuant to the U.S. Export Administration Regulations (15

CFR parts 768-799); if applicable, the relevant Commodity Control List number shall be provided and the technical data shall be described; and

(ii) Defense articles and defense services under the International Traffic in Arms Regulations (22 CFR subchapter M).

(5) With respect to the foreign person:

(i) The business or businesses of the foreign person making the acquisition, and of its parent and any affiliates, as described, for example, in annual reports. Provide CAGE codes, if any, for such facilities;

(ii) The plans of the foreign person for the U.S. person with respect to:

(A) Reducing, eliminating or selling research and development facilities,

(B) Changing product quality,

(C) Shutting down or moving offshore facilities which are within the United States,

(D) Consolidating or selling product lines or technology, or

(E) Modifying or terminating contracts referred to in paragraphs (c)(3)

(iii) and (iv) of this section for defense-related goods or services or for goods and services otherwise affecting national security;

(iii) Whether the foreign person is acting on behalf of a foreign government, for example, as an agent or a representative, or in some similar capacity; and

(iv) Whether a foreign government or an entity controlled by a foreign government—

(A) Has the power or right to determine, direct, take, reach or cause decisions of the acquirer with respect to any of the matters listed in §800.204, and, if so, the source of that power or right (*e.g.*, shareholders agreement, contract, statute, regulation) and the mechanics of its operation;

(B) Owns or controls voting or convertible securities of the acquiring foreign person or any affiliate of the acquiring foreign person, and if so, the nature and percentage amount of any such securities;

(C) Has the right or power to appoint any of the principal officers or the members of the board of directors of

the acquiring foreign person or any affiliate of the acquiring foreign person; or

(D) Holds any contingent interest (e.g., such as might arise from a lending transaction) in the foreign acquiring party and, if so, the rights that are covered by this contingent interest, and the manner in which they would be enforced.

(d) The voluntary notice shall list any filings with or reports to agencies of the United States Government which have been or will be made in respect of the acquisition prior to its closing indicating the agencies concerned, the nature of the filing or report, the date by which it was filed or the estimated date by which it will be filed, and a relevant telephone number and/or contact point within the agency, if known.

*Example.* Corporation A, a foreign person, intends to acquire Corporation X, which is wholly owned and controlled by a U.S. national, and which has a Facility Security Clearance under the Department of Defense Industrial Security Program. See Department of Defense, "Industrial Security Regulation," DOD 5220.22-R, and "Industrial Security Manual for Safeguarding Classified Information," DOD 5220.22-M. Corporation X accordingly files a revised Form DD 441s, and enters into discussions with the Defense Investigative Service about effectively insulating its facilities from the foreign interest.

Paragraph (d) requires that certain specific information about these steps be reported to the Committee in a voluntary notice.

(e) In the case of a joint venture subject to section 721, information for the voluntary notice shall be prepared on the assumption that the foreign person which is party to the joint venture has made an acquisition of the business or businesses that the U.S. person which is a party to the joint venture is contributing or transferring to the joint venture. In addition, the voluntary notice shall describe the name and address of the joint venture or other corporation.

(f) In the case of acquisitions of some but not all of the businesses or assets of a U.S. person, §800.402(c) only requires submission of the specified information with respect to the business or assets that have been or are proposed to be acquired.

(g) Persons filing a voluntary notice shall, in respect of the foreign person making the acquisition, its parent and affiliates, the U.S. person being acquired, and each entity of which it is a parent, append to the voluntary notice the most recent annual report of each such entity, if available. Separate reports are not required for any entity whose financial results are included within the consolidated financial results stated in the annual report of any direct or indirect parent of any such entity.

(h) Persons filing a voluntary notice shall, during the time that the matter is pending before the Committee or the President, promptly advise the Staff Chairman of any material changes in plans or information provided to the Committee. See also §800.701(a).

(i) Persons filing a voluntary notice shall include a copy of the most recent asset or stock purchase agreement or other document establishing the terms of the acquisition.

[56 FR 58780, Nov. 21, 1991, as amended at 59 FR 27179, May 25, 1994]

#### **§800.403 Treatment of certain voluntary notices.**

The Committee, acting through the Staff Chairman, may

(a) Reject voluntary notices not complying with §800.402;

(b) Delay the beginning of the thirty-day review period until information specified in §800.402 has been furnished to the Committee;

(c) Reject any voluntary notice at any time if, after the notice has been submitted and before action by the Committee or the President has been concluded, there is a material change in the transaction as to which notification has been made; and

(d) Notify the party submitting a voluntary notice that an analysis of national security considerations will not be undertaken in cases where the Committee has found that a transaction presented is not subject to section 721.

*Example 1.* The Staff Chairman receives a joint filing by Corporation A, a foreign person, and Corporation X, a company that is owned and controlled by U.S. nationals, with respect to Corporation A's intent to purchase all of the shares of Corporation X. The joint filing does not contain any information

## § 800.404

described under § 800.402(c)(3) (iv) and (v) concerning classified materials and products or services supplied to the U.S. military services. The Staff Chairman may (1) reject the filing, or (2) delay the start of the thirty-day review period while the parties are asked to supply the omitted information.

*Example 2.* Same facts as in first sentence of Example 1, except that the joint filing indicates that Corporation A does not intend to purchase Corporation X's Division Y, which is engaged in classified work for a U.S. Government agency. Corporations A and X notify the Committee on the 25th day of the 30-day notice period that Division Y will also be acquired by Corporation A. This fact constitutes a material change with respect to the transaction as originally notified, and the Staff Chairman may reject the notice.

*Example 3.* The Staff Chairman receives a joint filing by Corporation A, a foreign person, and Corporation X, a company that is owned and controlled by U.S. nationals, indicating that Corporation A intends to purchase 10.5 percent of the voting securities of Corporation X. Under the particular facts and circumstances presented, the Committee concluded that Corporation A's purchase of this interest in Corporation X would not constitute control as defined in § 800.204. The Staff Chairman may advise the parties in writing that the transaction as presented is not subject to section 721 and that no analysis of national security considerations has been undertaken.

### § 800.404 Beginning of thirty-day review period.

(a) A thirty-day period for review of the acquisition shall be deemed to commence on the next calendar day after voluntary notice has been accepted, agency notice has been received by the Staff Chairman of the Committee, or the Chairman of the Committee has requested an investigation pursuant to § 800.401. Such review shall end no later than the thirtieth day after it has commenced, or if the thirtieth day is not a business day, no later than the next business day after the thirtieth day.

(b) Within two business days after its receipt by the Staff Chairman, the Staff Chairman of the Committee shall send written advice of an agency notice to the parties to an acquisition.

## 31 CFR Ch. VIII (7-1-02 Edition)

### Subpart E—Committee Procedures: Review and Investigation

#### § 800.501 General.

(a) The Committee's review or investigation (if it has been determined that an investigation shall be conducted) shall examine, as appropriate, whether:

(1) The acquisition is by or with a foreign person and could result in control by a foreign person of a U.S. person or persons engaged in interstate commerce in the United States;

(2) There is credible evidence to support a belief that the foreign interest exercising control of the U.S. person to be acquired might take action that threatens to impair the national security; and

(3) Provisions of law, other than section 721 and the International Emergency Economic Powers Act (50 U.S.C. 1701-1706), provide adequate and appropriate authority to protect the national security.

(b) During the thirty-day review period or during an investigation, the Staff Chairman may invite the parties to a notified transaction to attend a meeting with the Committee staff to discuss and clarify issues pertaining to the transaction. During an investigation, a party to the investigated transaction may request a meeting with the Committee staff; such a request ordinarily will be granted.

#### § 800.502 Determination not to investigate.

(a) If the Committee determines, during the review period described in § 800.404, not to undertake an investigation, such determination shall conclude action under section 721.

(b) The Staff Chairman of the Committee shall promptly advise the parties to an acquisition of a determination not to investigate.

#### § 800.503 Commencement of investigation.

(a) If it is determined that an investigation should be undertaken, such investigation shall commence no later

than the end of the thirty-day period described in § 800.404.

(b) The Staff Chairman of the Committee shall promptly send written advice to the parties to an acquisition of the commencement of an investigation.

**§ 800.504 Completion or termination of investigation and report to the President.**

(a) The Committee shall complete its investigation no later than the forty-fifth day after the date the investigation commences, or, if the forty-fifth day is not a business day, no later than the next business day after the forty-fifth day.

(b) Upon completion or termination of any investigation, the Committee shall report to the President and present a recommendation. Any such report shall include information relevant to subparagraphs (e) (1) and (2) of section 721. If the Committee is unable to reach a unanimous recommendation, the Chairman shall submit a report of the Committee to the President setting forth the differing views and presenting the issues for decision.

[56 FR 58780, Nov. 21, 1991, as amended at 59 FR 27179, May 25, 1994]

**§ 800.505 Withdrawal of notice.**

(a) A party to an acquisition that has submitted notice under § 800.401(a), or, if more than one such party has submitted notice, the parties to an acquisition, may, at any time prior to an announcement by the President of his decision as described in § 800.601, request in writing that such notice(s) be withdrawn. Such request shall be directed to the Staff Chairman and shall state the reasons why the request is being made. Such requests will ordinarily be granted, except as determined by the Committee. A written notification of the decision on the request to withdraw notice shall be sent promptly to the requester(s).

(b) Any withdrawal in writing of an agency notice by the agency that submitted it shall be effective on its receipt by the Staff Chairman, who shall promptly send notice of the withdrawal to the parties to an acquisition.

(c) In any case where a request to withdraw notice is granted under para-

graph (a), or where the withdrawal is effective under paragraph (b) of this section, or where notice has been rejected under § 800.403, such notice shall be considered not to have been made for purposes of § 800.401. Section 800.702 shall nevertheless apply with respect to information or documentary material filed with the Committee. With respect to any subsequent acquisition among the parties that is within this part, notice made in accordance with § 800.401 shall be deemed a new notice for purposes of these regulations, including § 800.601.

**Subpart F—Presidential Action**

**§ 800.601 Statutory time frame, standards for Presidential action, and permissible actions under section 721.**

(a) The President shall announce his decision to take action pursuant to section 721 no later than the fifteenth day after an investigation is completed, or, if the fifteenth day is not a business day, no later than the next business day following the fifteenth day.

(b) The President may exercise the authority conferred by section 721(d) if the President makes the findings required by section 721(e), namely, that—

(1) There is credible evidence that leads the President to believe that the foreign interest exercising control might take action that threatens to impair the national security, and

(2) Provisions of law, other than section 721 and the International Emergency Economic Powers Act (50 U.S.C. 1701–1706), do not in the President's judgment provide adequate and appropriate authority for the President to protect the national security in the matter before the President.

The President's findings under section 721(d) shall not be subject to judicial review.

(c) Under section 721 (d) and (e), the President:

(1) Is empowered to take such action for such time as the President considers appropriate to suspend or prohibit any acquisition subject to section 721 that is the subject of a recommendation or recommendations by the Committee; and

**§ 800.701**

**31 CFR Ch. VIII (7-1-02 Edition)**

(2) Is empowered to direct the Attorney General to seek appropriate relief, including divestment relief, in the district courts of the United States in order to implement and enforce section 721.

(d) All authority available to the President under section 721(d), including divestment authority, shall remain available at the discretion of the President in respect of acquisitions which have been concluded at any time on or after the effective date, but only if the purpose for which divestment or other appropriate relief is sought is based on facts, conditions, or circumstances existing at the time the transaction was concluded. Such authority shall not be exercised if:

(1) The Committee, through its Staff Chairman, has in writing advised a party (or the parties) that a particular transaction, with respect to which voluntary notice was attempted, was not subject to section 721;

(2) The Committee has previously determined under § 800.502 not to undertake an investigation of the acquisition when proposed, pending, or completed; or

(3) The President has previously determined not to exercise his authority under section 721 with respect to that acquisition.

(e) Notwithstanding any other provision in these regulations, in any case where the parties to an acquisition submitted false or misleading material information to the Committee, or omitted material information, including relevant information that was supplied in response to provisions of § 800.402; that was requested specifically by the Committee in the course of review, investigation, or Presidential determination; or that was actually provided by a party, in addition to such other penalties as may be provided by law,

(1) The Committee may reopen its review or investigation of the transaction, and revise any recommendation or recommendations submitted to the President;

(2) Any Committee member may submit or resubmit an agency notice under § 800.401, to begin anew the process of review and investigation; and/or

(3) The President may take such action for such time as the President deems appropriate in respect of the acquisition, and may revise actions earlier taken.

(f) The Committee will generally not consider as material minor inaccuracies, omissions, or changes relating to financial or commercial factors not having a bearing on national security.

*Example 1.* Corporation A, a foreign person, states in its joint filing with Corporation X, a U.S.-controlled person, that Corporation A will acquire all of the shares of Corporation X at \$100 per share on July 31, 1991. For commercial reasons, the acquisition in fact takes place on August 31 of the same year, and the actual price paid per share is \$150. The Committee would not regard these factors alone as reason to set aside a prior decision by the Committee not to investigate the proposed transaction.

*Example 2.* Same facts as stated in sentence one of Example 1, except that the joint filing of Corporations A and X also states, in responding to § 800.402(b)(3)(iv), that Corporation X has no contracts involving classified information. In fact, Corporation X has classified contracts with the Department of Defense. The statement would be considered false and could lead to action by the Committee under paragraph (e) of this section.

(g) Divestment or other relief under section 721 shall not be available with respect to transactions that were concluded prior to the effective date.

[56 FR 58780, Nov. 21, 1991, as amended at 59 FR 27180, May 25, 1994]

**Subpart G—Provision and Handling of Information**

**§ 800.701 Obligation of parties to provide information.**

(a) Parties to a transaction which is notified under subpart D shall provide information to the Staff Chairman of the Committee that will enable the Committee to conduct a full review and/or investigation of the proposed transaction, and shall promptly advise the Staff Chairman of any changes in plans or information pursuant to § 800.402(h). See, generally, 50 U.S.C. app. 2155(a) for authorities available to the Committee for obtaining information.

(b) Documentary materials or information required or requested to be submitted under this part shall be submitted in English. Supplementary materials, such as annual reports, written in a foreign language, shall be submitted in certified English translation, at the request of the Committee.

#### § 800.702 Confidentiality.

(a) Section 721(c) provides that any information or documentary material filed with the Committee pursuant to these regulations shall be exempt from disclosure under section 552 of title 5, United States Code, and no such information or documentary material may be made public, except as may be relevant to any administrative or judicial action or proceeding. Nothing in section 721 shall be construed to prevent disclosure to either House of Congress or to any duly authorized committee or subcommittee of the Congress.

(b) The provisions of 50 U.S.C. app. 2155(e) relating to fines and imprisonment shall apply in respect of disclosure of information or documentary material filed with the Committee under these regulations.

[56 FR 58780, Nov. 21, 1991, as amended at 59 FR 27180, May 25, 1994]

#### APPENDIX A TO PART 800—PREAMBLE TO REGULATIONS ON MERGERS, ACQUISITIONS, AND TAKEOVERS BY FOREIGN PERSONS (PUBLISHED NOVEMBER 21, 1991)

NOTE: For the convenience of the reader, this appendix contains the text of the preamble to the final regulations on mergers, acquisitions and takeovers by foreign persons beginning at the heading "Discussion of Final Rule" and ending before "List of Subjects in 31 CFR Part 800" (56 FR 58780; November 21, 1991). Certain sections of the regulations were renumbered in a final rule published on May 25, 1994, and those number changes are reflected in the "Section-by-Section Discussion of Changes" in this appendix. (See appendix B of this part for the preamble of the May 25, 1994, final rule.)

#### DISCUSSION OF FINAL RULE

##### I. Introduction

On July 14, 1989, the Department of the Treasury published proposed Regulations Pertaining to Mergers, Acquisitions and Takeovers by Foreign Persons. The purpose of the proposed regulations was to imple-

ment section 721 (hereinafter referred to as "section 721") of title VII of the Defense Production Act of 1950, as added section 5021 of the Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100-418), relating to mergers, acquisitions, and takeovers of U.S. persons by or with foreign persons. Section 721, which was subject to the sunset provision of the DPA, lapsed on October 20, 1990, and was reinstated and made permanent law by Public Law 102-99 (signed August 17, 1991).

The period for receiving comments on the proposed regulations closed on September 14, 1989; during that time, over seventy parties—including private and public, as well as domestic and foreign entities—filed in total some 500 pages of comments. The changes that have been incorporated into the final version of the regulations reflect both suggestions made in those comments and the experience of the Committee on Foreign Investment in the United States ("the Committee") in reviewing transactions notified under section 721 since the proposed regulations were published. These changes are of a substantive nature as well as of a technical nature; examples of the latter include clarifications of terms and changes in format. The substantive issues will be discussed in the next section; the most significant technical changes will be discussed in the third section of this preamble.

##### II. General Discussion: Major Substantive Issues Raised by the Public Comments

Despite the wide range of interests represented by the public comments and the large volume of those comments, the comments generally focused on nine major issues: the meaning of "national security"; the scope of section 721's coverage, focusing largely on the size of a transaction or date of completion; the definition of "foreign control"; the application of section 721 to foreign lenders; the desirability of fast track treatment for certain types of transactions; the treatment of transactions involving hostile parties; the provisions of the regulations providing remedies for material omissions or errors; Committee procedures; and the possibility of a "sunset" on the President's power to act under section 721 on non-notified transactions. The suggested resolutions of these issues varied significantly in many cases. Each of these major issues, including some of the resolutions proposed by the public, will be discussed generally in this section of the preamble. A more detailed analysis, tied to the actual wording of the final regulations, follows in the next section. The final section reiterates certain information on international obligations of the United States that was set forth in the preamble to the proposed regulations.

## NATIONAL SECURITY

The desire for a definition of "national security," or for expanded guidance as to the meaning of that term, was a major theme of the public comments. Commenters had a wide range of recommendations on this point. Their suggestions, as well as the Committee's view of them, will be discussed generally in the following paragraphs.

Some commenters suggested that changes be made in the regulations to incorporate either positive lists of products and services considered essential to the national security, or negative lists of areas that are not so considered. Other commenters suggested that the regulations incorporate a multi-factor test, based on a list of products and services the significance of which to the national security would depend on a number of other factors, such as the dollar value of the transaction, or the availability of the product or service from other U.S. suppliers. The Committee rejected these proposals, because they could improperly curtail the President's broad authority to protect the national security, and, at the same time, not result in guidance sufficiently detailed to be helpful to parties.

A third approach recommended in the public comments was to offer guidance as to the factors that are considered in a national security analysis. Such guidance would not have the legal effect of exemptions or lists, but would be intended to give the Committee's general views as to when filing might be considered appropriate. The Committee has adopted a limited form of this latter approach; however, since it believes such guidance is more appropriate to the preamble than the regulations themselves, the guidance is set forth below.

As is made clear in the principal legislative history (H.R. Report No. 576, 100th Cong., 2d Sess. 925-928, hereinafter "Conference Report"), the focus of section 721 is on transactions that could threaten to impair the national security. Although neither the statute nor the Conference Report defines national security, the conferees explain that it is to be interpreted broadly and without limitation to particular industries. Conference Report at 926-927. In line with both the statute and the Conference Report, the final regulations do not define "national security." Ultimately, under section 721 and the Constitution the judgment as to whether a transaction threatens national security rests within the President's discretion.

Generally speaking, transactions that involve products, services, and technologies that are important to U.S. national defense requirements will usually be deemed significant with respect to the national security. It is the Committee's view that notice, while voluntary, would clearly be appropriate when, for example, a company is being ac-

quired that provides products or key technologies essential to U.S. defense requirements. On the other hand, the Committee does not intend to suggest that notice should be submitted in cases where the entire output of a company to be acquired consists of products and/or services that clearly have no particular relationship to national security.

The regulations contemplate that persons considering transactions will exercise their own judgment and discretion in determining whether to give notice to the Committee with respect to a particular transaction. Nonetheless, persons wishing to seek general guidance are invited to contact the office of the Staff Chairman, at the address and telephone number indicated above.

In addition to proposing changes to the regulations themselves, a number of commenters suggested that the Committee publish guidance outside the regulations, in order to enhance public understanding of "national security." For example, some suggested that the Committee issue binding advisory opinions with respect to transactions on the strength of something less than full notice. The Committee rejected this suggestion on the grounds that it would be impossible for the Committee to fulfill its obligation to make a thorough national security analysis based on an abbreviated or informal filing, and the Committee in such cases would generally have to advise the parties to submit a formal filing, resulting in lost time on both sides.

Several parties asked the Committee to consider publishing in summary form a digest of all the reviews and investigations the Committee had undertaken, including information on how the Committee disposed of each transaction. This approach was determined to have two essential shortcomings. First, national security considerations preclude revealing why the Committee or the President reached a particular view. Without that information, parties could inappropriately conclude that an outcome in a previous case would be relevant to the outcome of their own case where both appeared to involve similar facts and circumstances. The public would have no way of assessing which factors were most important to the Committee's final determination, or whether other factors, not mentioned in the summary, played an important role in the outcome. Second, the Committee is statutorily required to maintain confidentiality with respect to section 721 filings. Publication of even "cleansed" summaries could sacrifice the confidentiality of a filing and potentially create concerns by parties over inadvertent publication of business confidential information, while affording relatively little useful information to readers.



## SCOPE OF COVERAGE

With respect to the scope of coverage of section 721, a number of parties suggested various "bright line" tests to eliminate certain transactions from coverage, primarily based on their size, but also on other criteria. For example, it was frequently suggested that transactions under a certain dollar threshold be exempted, on the theory that very small acquisitions could not possibly have a meaningful impact on the national security. Other parties suggested a test based on the market share represented by a particular transaction. Because the Committee's experience in reviewing notified transactions has demonstrated that there is no predictable relationship between the size or dollar value of a transaction and its significance to the national security, it decided that it would be inappropriate to adopt bright line tests based on such criteria.

Many commenters argued that there should be an exemption for transactions completed after the date on which section 721 became effective (August 23, 1988), but which were not notified to the Committee. The Committee has not adopted this suggestion, which, in the Committee's view, would seriously undermine the effectiveness of the statute.

The regulations establish a voluntary, rather than a mandatory, system of notice. Nevertheless, the Committee wanted to ensure that the President would be able to act with respect to any transaction that might threaten the national security. For this reason, agency notice was permitted for transactions that were not notified by parties to the transaction. Also, as an incentive for parties to give notice of transactions that might raise concerns, the possibility of Presidential action exists for completed transactions that have not been notified to the Committee.

This approach is justified by the language of section 721. The first sentence of paragraph (a) of section 721 provides:

The President or his designee may make an investigation to determine the effects on national security of mergers, acquisitions, and takeovers *proposed or pending on or after the date of enactment of this section* by or with foreign persons which could result in foreign control of persons engaged in interstate commerce in the United States. (Emphasis provided).

The plain meaning of this sentence is that one of two criteria must be present to bring a transaction under section 721. A transaction must have been proposed on or after the date of enactment, or it must be (or have been) pending on or after the date of enactment to be subject to section 721. This language does not exclude completed transactions. Thus, a transaction proposed on or after the date of enactment—regardless of

whether it is completed by the time of notice—is subject to section 721. Similarly, a transaction proposed before the effective date but still pending on or after that date would also be subject to section 721, again, regardless of whether it was completed at the time of notice.

Some commenters have read the second sentence of section 721(a) as suggesting that Congress did not intend to capture completed transactions. That sentence reads: "If it is determined that an investigation should be undertaken, it shall commence no later than 30 days after receipt by the President or the President's designee of written notice of the proposed or pending merger, acquisition, or takeover as prescribed by regulations promulgated pursuant to this section." (Emphasis added.) Some commenters have argued that this sentence suggests that transactions must also be proposed or pending *as of the time of notice*, thereby precluding notice of completed transactions.

However, it would be inconsistent with the national security purposes of the statute to infer that Congress intended to establish a large loophole by which parties could avoid a review under section 721 simply by not giving notice of a transaction. It is much more reasonable to view this language as reflecting the usual case, *i.e.*, that parties give notice or transactions while they are still proposed or pending, but not precluding notice of completed transactions as well. Once a transaction is subject to section 721, all of the powers and remedies granted the President under that section apply to the transaction, including, but not limited to, divestment relief. Section 721(c) provides that the President may "take any action \* \* \* to suspend or prohibit any acquisition \* \* \* proposed or pending on or after the date of enactment of this section \* \* \* so that [foreign] control will not threaten to impair the national security." Section 721(c) further provides that the President "may direct the Attorney General to seek appropriate relief, including divestment relief \* \* \* in order to implement and enforce this section." Again, the relief available under the statute for any transaction pending on or after the date of enactment is broad, and nothing in the statute narrows the availability of any Presidential remedies.

## FOREIGN CONTROL

The proposed regulations defined control functionally, in terms of the ability of the acquirer to make certain important decisions about the acquired company, such as whether to dissolve the entity, or to relocate or close production or research and development facilities. A number of commenters complained that this standard is too nebulous, and advocated the adoption of a bright

line control test based on a particular percentage of stock ownership and/or the composition of the board of directors. Given the national security purposes underlying section 721, the Committee believes it would be inappropriate to adopt such bright line tests, which would make it relatively easy to structure transactions to circumvent the statute. However, the Committee did make certain minor adjustments in the control standard to remove unnecessary ambiguity. These changes are discussed below in the section-by-section analysis at §§800.204 and 800.211.

#### FOREIGN LENDERS

At the time the proposed regulations were drafted, the Committee had almost no information on how section 721 would affect transactions involving foreign lenders. The proposed regulations were therefore deliberately vague as to whether foreign lending transactions would be covered and, if so, the appropriate time for giving notice—*i.e.*, at the time a loan was made, or at the time of default. Since the publication of the proposed regulations in July 1989, the Committee has had more experience in reviewing lending transactions, in addition to the benefit of the public comments. Although the comments were not unanimous on this point, most commenters urged that lending transactions not be covered at the time a loan is made, in view of the unlikelihood that the loan itself will culminate in the foreign lender's acquiring control.

However, these commenters were nevertheless concerned that foreign lenders be given some assurance that the value of their security interest would not be affected by CFIUS action. The Committee concluded that the acquisition of a security interest, without control, is not covered by section 721. Thus, if a lending transaction included, for example, contractual or other arrangements that conferred control, the transaction would be subject to section 721. However, the Committee would not view standard provisions of loan contracts (*e.g.*, ordinary covenants of the borrower pertaining to liens, or a lender's right of veto over mergers or the sale of property), in and of themselves, to confer control over the borrower. (See the discussions below under §§800.302 and 800.303 for further elaboration of the treatment of foreign lending transactions.)

#### INTERNAL FAST TRACK MECHANISM

A number of commenters urged the adoption of a fast track procedure for reviewing notices under section 721 that clearly do not raise serious national security concerns. Because of the very short time frame for reviews that already exists (as provided in the statute), and in order not to encourage parties to give notice of marginal transactions,

the Committee decided not to create a formal fast track in the regulations. The Committee Staff Chairman is available to discuss proposed transactions with parties contemplating notice.

#### HOSTILE TAKEOVERS

Fast track treatment of notified transactions involving hostile parties was also requested in several of the comments, on the grounds that the delay caused by Committee review under section 721 can unfairly give a target company time to thwart an unsolicited bid. Although this has not been a significant problem to date, the Committee will not tolerate attempts to delay or obstruct the review process; the final regulations make clear that the parties that did not file the notice must file information requested by the Staff Chairman within seven days of that request. (See the discussion in the section-by-section analysis at 800.402.) If necessary, the Committee can resort to its subpoena authority in the Defense Production Act to enforce compliance with section 721.

#### REMEDIES FOR MATERIAL OMISSIONS AND ERRORS

Many of the commenters contended that the absence of any definition for "material" in §§800.601 (pertaining to material omissions) and 800.701 (pertaining to material changes) creates uncertainty about the finality of any decision by the President not to investigate or take other action with respect to a notified transaction. To lessen this uncertainty, some commenters suggested that the final regulations incorporate a limit on the President's authority to reopen consideration of a transaction previously considered under section 721 due to a material omission. Others suggested that there be a time limit on the Committee's ability to reject a notice on the grounds of material change. The Committee did not adopt either of these time limitations. The former could potentially reward parties who conceal information or fail to take adequate care to bring all material facts about a transaction to light in a notice. The latter limitation could prevent the Committee from declining to complete its review of a transaction that changes radically very late in the 30-day review period, and could force an investigation even in a case where it would not otherwise be necessary.

The Committee also did not accept the suggestion made by a few commenters that a transaction be reopened only when the Committee can show that the parties deliberately withheld material information. If information is material to the Committee's or the President's deliberation, it is irrelevant to the issue of materiality whether the information was intentionally withheld. The Committee has accepted suggestions that

greater guidance as to the meaning of "materiality" be given in the regulations. It is also important to note that parties may at any time during the course of a review under section 721 amend the notice to apprise the Committee of an omission in the original filing or of a change in the transaction since the time the filing was made, and that such an amendment will not necessarily affect the Committee's ability to complete its review of the transaction within the statutory time periods. From the parties' perspective, it is clearly advantageous to bring material changes and omissions to light during the course of a review, rather than to risk discovery of such matters by the Committee at a subsequent time.

A material change that occurs during the course of review that is not brought to the Committee's attention will be subsequently viewed as an omission, and may cause the Committee to reopen its consideration of a case. The same would be true of a change that occurs after the President has announced his decision but was contemplated by the parties at the time the transaction was under review and not communicated to the Committee. However, recognizing that businesses often change in terms of function and structure, the Committee would not consider a material change that is both conceived and executed after the President's determination as a basis for reopening a case.

#### COMMITTEE PROCEDURES

Commenters made a number of suggestions regarding Committee procedures. In some cases, the Committee had already been following the recommended procedures, and the final rule makes that explicit. For example, in appropriate instances, the Committee has met with parties involved in particular transactions in order to obtain further clarification or elaboration of the materials presented in the initial filing.

It is worth noting that the Committee follows certain other procedures, not spelled out in the final regulations, that help ensure the fairness of the review process. For example, the Committee sometimes receives unsolicited communications from third parties concerning certain transactions. In order to ensure fairness, the Committee generally requests the parties to comment on the substance of third party communications that the Committee believes may be relevant to its full understanding of the notified transaction. Similarly, the Staff Chairman handles all communications by the Committee with the parties, so as to avoid any confusion resulting from contacts with individual Committee members by the parties or third parties.

A number of the recommendations in the comments about Committee procedures would make the review process a highly formalistic, adversarial process. This outcome

was considered undesirable by the Committee, and such recommendations were not accepted. For example, the Committee did not adopt the suggestion that the parties be required to exchange public versions of their submissions to the Committee, or that material be filed only under oath. The Committee believes that giving the parties an opportunity to comment, when appropriate, on the substance of statements made by each other, as well as by non-governmental third parties, adequately ensure the integrity of the review process.

#### SUNSET ON PRESIDENTIAL AUTHORITY UNDER SECTION 721

Another concern expressed in the public comments pertained to the fact that the statute places no time limits on the President's authority to take action with respect to non-notified transactions. Some commenters argued that the absence of a limit on the President's power to divest a completed transaction effectively converts section 721 into a screening mechanism, since most parties will file notices to eliminate the possibility of future divestment. Several commenters suggested adoption of a sunset.

The Committee acknowledges that parties may have to make difficult decisions about whether or not to file under section 721, particularly when time is a critical factor in closing a deal. However, in the Committee's view, it would be inappropriate for the regulations to limit the President's authority to protect the national security with respect to any given transaction after a particular time. Instead, the regulations contain a new provision that limits to three years the time during which an agency can give notice with respect to a completed transaction. After the three year period, only transactions that appear to raise national security concerns can be reviewed and investigated, pursuant to a request from the Chairman of the Committee, in consultation with other members of the Committee. (See below § 800.401.)

Some commenters evidently fear that a transaction could be reviewed several years after it was completed. The Committee notes that divestment with respect to a completed but non-notified transaction would be limited by the requirement in paragraph (d) of § 800.601 that it be based on facts, conditions, or circumstances existing at the time the transaction was concluded. Parties should also note the addition of a new limitation on reviewing completed transactions, which has been incorporated at § 800.601(d). Advice in writing by the Committee that a notified transaction is not subject to section 721, *e.g.*, because the transaction would not result in foreign control of a U.S. business, is final and binding with respect to the transaction, as long as the information on which that determination is based is accurate with respect

to the transaction. However, subsequent changes in the material facts pertaining to control, *e.g.*, a proposal by the foreign party to acquire additional stock, may result in a situation where notice to the Committee could be appropriate.

#### INTERNATIONAL OBLIGATIONS

In discharging its responsibilities under section 721, the Committee takes a case-by-case approach. The Conference Report states that section 721 is not intended to abrogate existing obligations of the United States under treaties, including Treaties of Friendship, Commerce and Navigation. Conference Report at 927. Those treaties contain national treatment provisions under which the United States is obligated to extend foreign parties treatment no less favorable than that accorded domestic parties, but is permitted to institute measures to protect U.S. national security. The Committee intends to implement section 721 and the regulations in a manner fully consistent with the international obligations of the United States.

#### III. Section-by-Section Discussion of Changes

The Definitions section, subpart B, has been alphabetized.

*Section 800.201.* In subsection (a), the definition of acquisition has been expanded to include specifically the acquisition of a person by a proxy contest undertaken for the purpose of obtaining control. In the preamble to the proposed regulations, the Committee requested public comments on the desirability of covering proxy contests under the regulations. The comments were inconclusive on this point. The Committee decided to cover specifically proxy contests undertaken for the purpose of obtaining control, such as a contest to change the board of directors, because such a contest represents a takeover attempt. Parties may give notice at or just prior to the time a proxy solicitation commences. However, contests undertaken for any purpose other than to obtain control would not be covered by the regulations.

In subsection (b), qualifying language has been added to the provision concerning the acquisition of assets where, in addition to the asset acquisition, the acquirer will make substantial use of the seller's technology. The qualifier "excluding technical information generally accompanying the sale of equipment" is intended to convey that an acquisition of assets is not covered by section 721 unless the technology acquired by the foreign person is separate and apart from that inherent in, or typically accompanying the asset, such as instruction manuals and operating procedures that would routinely accompany equipment.

*Section 800.204.* The definition of control in the proposed regulations included the ability to "formulate" matters or decisions affect-

ing an entity. A number of public commenters noted that the ability to "formulate" in this sense is not a meaningful index of control, since technically any shareholder has this right. To alleviate any uncertainty on this point, "formulate" has been dropped from the definition.

The definition of control has also been modified with the addition of subsection (b) to clarify that a U.S. person will not automatically be deemed to be foreign-controlled where a number of unrelated foreign parties hold an interest in that person. This point would apply even when the foreign parties taken as a whole hold the majority of stock in a U.S. company. The Committee would have to determine in such a case, as it would in any notified transaction, whether any single foreign party, acting on its own or in concert with another party (*e.g.*, through contractual arrangements), could control the U.S. person.

*Section 800.213.* A minor change to the wording of the definition of *foreign person* has been made to emphasize that there must be the present potential for control by a foreign interest, rather than a mere remote possibility, for an entity to be considered a foreign person under section 721. Whereas the regulation previously read "an entity over which control is *or could be exercised* by a foreign interest," the underlined phrase has been replaced by "exercised or exercisable" to alleviate vagueness or remoteness in the standard. Thus, only the present potential for control (regardless of whether the foreign interest actually exercises it) matters for purposes of this section.

*Section 800.216.* The proposed regulations left unresolved the issue of who are the parties to an acquisition in the case of a proxy solicitation. In light of the Committee's decision to cover proxy solicitations undertaken for the purpose of obtaining control just prior to and at the time the solicitation is made, the final regulations make both the persons soliciting proxies as well as the person who issued the voting securities parties to the acquisition.

*Section 800.219.* To make this section consistent with the modified definition of control, the word *formulation* has been deleted from the definition of "solely for the purpose of investment." (See §800.204 above.) With respect to §800.302(d) (which should be consulted), a party that has no intention of determining or directing the basic business decisions of the issuer, and who does not possess or develop any purpose other than investment, or take any action inconsistent with that purpose, would be deemed to hold securities solely for the purpose of investment.

*Section 800.222.* This section defines U.S. person as any entity "but only to the extent of its business activities in interstate commerce in the United States, irrespective of

the nationality of the individuals or entities which control it." To underscore the significance of that qualifier to the definition, a third example has been added to this section. The example describes the acquisition by a foreign person of a foreign subsidiary of a U.S. corporation. In the facts presented by the example, the foreign subsidiary has no fixed place of business in the United States, but merely exports goods to the U.S. parent and to unaffiliated companies in the United States. The acquisition of such an entity by a foreign person would not constitute the acquisition of a U.S. person under section 721 because the mere export of goods to the United States by a foreign subsidiary with no fixed place of business in this country does not constitute "business activity in interstate commerce in the United States" for purposes of the section.

*Section 800.301.* A few points pertaining to joint venture transactions have been clarified in this section. First, a joint venture transaction is subject to section 721 only if an existing, identifiable business in the United States is contributed to the venture. A joint venture transaction in which the U.S. contribution is a company founded for the purposes of the transaction would not be subject to section 721. Moreover, even where an identifiable business has been contributed to the venture, the transaction is not subject to section 721 unless the foreign party would control the venture. Therefore, joint venture transactions in which control is equally shared by the U.S. partner and the foreign partner, *i.e.*, where each party has a veto power over all the decisions of the joint venture, would not be subject to section 721. It is important to note, however, that this rule does not apply to other forms of business organization, such as when a foreign person acquires 50 percent of the stock of an existing U.S. company. In such cases, the Committee may, depending on the other facts surrounding the transaction, conclude that the stock acquisition confers control on the foreign person.

*Section 800.302.* Subsection (i) has been added to §800.302 as a corollary to section 301(b)(1), which provides that proposed or completed acquisitions by or with foreign persons which could or do result in foreign control of a U.S. person would be subject to section 721. Subsection (i) of §800.302 provides that an acquisition (1) that does not involve the acquisition of control of (2) a person engaged in interstate commerce in the United States (*i.e.*, a U.S. person) would not be subject to section 721. Two examples are provided to illustrate the two components of this provision. First, with respect to the acquisition of control, when a foreign person acquires an interest, such as stock, in a U.S. person, but that interest is insufficient to confer control, the acquisition is not subject to section 721. The Committee's options for

handling a notice of such a transaction are set out in §800.403 of the regulations.

Second, with respect to the component pertaining to being engaged in interstate commerce in the United States, Example 2 is intended to illustrate that the acquisition of a business that is essentially a non-operational shell—*i.e.*, having no employees, plants, equipment, or subsidiaries in the United States—would not satisfy this component and would therefore not be an acquisition subject to section 721.

*Section 800.303.* This section has been added to the regulations to clarify the Committee's treatment of lending transactions. As explained under §800.302 above, the acquisition of a security interest by a foreign lender in a lending transaction does not, without control, subject a transaction to section 721. Section 800.303 provides that the Committee will not accept notices of such transactions. However, the Committee will accept notice of such transactions where, because of actual or imminent default or other condition, the foreign lender is likely to obtain control of the U.S. person. In general, the Committee will accept the parties' view of the imminence of default, recognizing that in some cases waiting too long before filing notice could affect the lender's recourse to certain remedies, or the willingness of the borrower to cooperate fully in the preparation of a filing.

Some commenters argued that if the Committee does not accept notices of lending transactions until actual or imminent default, the lender will never have adequate assurance of the value of its security interest, which may eventually discourage foreign lenders from entering into financing transactions that may be subject to section 721. Some argued that the acquisition of stock or assets as a result of a default should be exempt from section 721, because it is essentially similar to an acquisition pursuant to an insurance contract made in the ordinary course of business, which is exempt under §800.302(g). The Committee does not find it appropriate to exempt the acquisition of a U.S. person that results from a borrower's default. However, to help alleviate the lenders' concerns in such circumstances, the Committee will take into account steps the lender takes to transfer day-to-day control over the U.S. person to U.S. nationals, pending final sale of the U.S. person. For example, in appropriate cases, the Committee could determine that the lender does not control a company acquired through default when it appoints a trustee to run the company and commits to sell it within a specified reasonable period of time.

Section 800.303 also contains a special provision—subsection (b)—for foreign banks participating in loan syndications. In view of the limitations on control of the borrower by any one bank that are often inherent in the

structure of a syndicate of banks in a loan participation, the Committee will deem any foreign lender in a syndicate not to have control for purposes of section 721 where such lender needs the consent of the majority of the U.S. participants to take action, or does not have a lead role in the syndicate and is subject to a special provision limiting its influence, ownership or control over the borrower.

*Section 800.401.* This section contains a new provision with respect to non-notified transactions. No agency notice can be made with respect to such a transaction more than three years after the date it was concluded unless the Chairman of the Committee, in consultation with other members of the Committee, requests an investigation. This provision was added to assuage public concern that non-notified transactions are indefinitely subject to divestment by the President. The President's powers under section 721 are *not* affected by this provision.

*Section 800.402.* Until now, the Committee has been willing to accept notices of transactions from just one of the parties to a transaction, recognizing that in some cases one of the parties alone will be able to provide answers and materials responsive to the questions posed in §800.402. Although the Committee will continue to accept joint notices prepared by just one party to a transaction that give information with respect to all the parties, the final regulations require all the parties to sign such a filing, thereby indicating to the Committee that each party is satisfied that the information in the filing pertaining to it is accurate and complete.

With respect to filings submitted by a party independently of the other parties, several points are worth noting. First, a minor wording change has been made in paragraph (1) of subsection (b) of this section for purposes of clarity: "Such information" has been replaced by "the information set out in this section." Although the phrase in that paragraph, "to the extent known or reasonably available to it," remains unchanged from the proposed regulations, it merits discussion here in order to remove any uncertainty. When a party giving notice is unable to answer fully a question pertaining to the other party, it is not excused by the words "to the extent known or reasonably available to it" from submitting a complete and accurate filing, as has evidently been assumed by some parties. The Committee expects that in such a case either the party giving notice will obtain the assistance of the other party or parties, or that the latter independently will make a filing to the Committee, supplying the relevant information.

In any case, the Committee will delay beginning the initial thirty-day review period until the filing is complete with respect to both parties. Subsection (b) makes clear that the Staff Chairman of the Committee, when

necessary, will contact directly the party or parties that did not file the notice and request that information responsive to §800.402 be filed within seven days of receipt of the request.

A new provision has been added to subsection (c), requesting parties to submit a summary of the transaction. The Committee requests that the party(ies) that give notice be as clear and concise as possible. A readily understandable summary will expedite the Committee's work.

Paragraph (3) of subsection (c) has also been modified to lengthen the period of time from three to five years for which contracts involving classified information should be described in a filing. As for contracts with the Department of Defense or any other agency of the U.S. Government with national defense responsibilities (such as the Department of Energy or the Nuclear Regulatory Commission), which contracts do not involve classified information, parties should continue to provide information for the past three years only.

*Section 800.403.* This new section sets out the Committee's options for handling certain voluntary notices; most of these points have been addressed in the preceding discussion. The Committee will delay acceptance of a notice that does not comply with §800.402. It reserves the right to reject a voluntary notice at any time before action by the Committee or the President has been concluded, if there has been a material change in the notified transaction.

As provided in §800.403(a)(4), the Committee will also inform the party submitting a voluntary notice if it decides not to undertake a substantive review of a transaction because it has determined that the notified transaction is not subject to section 721. For example, where the Committee determines that a notified transaction will not result in foreign control, the Committee would inform the parties of the nature of its determination, (*e.g.*, no foreign control) and advise them to consider filing at a later date should an acquisition of control be contemplated.

*Section 800.404.* A technical wording change has been made to this section (which was numbered §800.403 under the proposed regulations). The words "has been accepted" in the first sentence of that section replace "is received" to underscore that the 30-day review period does not begin until the Chair has determined that the voluntary notice complies with the requirements of §800.402. Further technical changes were made to subsection (a) to reflect changes made in §800.401 concerning agency notice.

*Section 800.501.* Subsection (b) has been added to this section to make explicit a practice the Committee has been following since it began receiving notices under section 721, *i.e.*, inviting the parties to certain

notified transactions to meet with the Committee. The Staff Chairman, at his discretion, may invite the parties to a meeting to clarify certain issues with respect to the filing; such a meeting may occur either during the 30-day review period or during the investigation. When the parties involved in investigations request a meeting with the Committee, the request is ordinarily granted.

*Section 800.601.* A number of commenters expressed concern that the finality of Committee or Presidential action under section 721 is called into question if there is a right to reopen consideration of a case on the basis of material omissions or material misstatements. This section has been expanded in an attempt to allay some of those concerns. Subsection (f) has been added to clarify the matters the Committee considers "material": These are confined to information requested by §800.402 of the regulations; information requested by the Committee during the course of an initial review, an investigation, or the Presidential determination period; or information provided by the party(ies) *sua sponte*. However, the Committee will generally not find information to be "material" if it concerns purely commercial matters having no bearing on national security, such as the price of stock.

#### DRAFTING INFORMATION

The principal author of this document is the Office of the Assistant General Counsel (International Affairs). However, personnel from other offices at the Treasury Department and from other agencies that are members of the Committee participated extensively in its development.

[56 FR 58780, Nov. 21, 1991. Redesignated and amended at 59 FR 27180, May 25, 1994]

#### APPENDIX B TO PART 800—PREAMBLE TO REGULATIONS ON MERGERS, ACQUISITIONS, AND TAKEOVERS BY FOREIGN PERSONS (PUBLISHED MAY 25, 1994)

NOTE: For the convenience of the reader, this appendix contains the text of the preamble to the final rules amending the regulations on mergers, acquisitions, and takeovers by foreign persons beginning at the heading "Discussion of the Final Rule" and ending before "List of Subjects in 31 CFR Part 800" (59 FR 27178, May 25, 1994).

#### DISCUSSION OF THE FINAL RULE

Section 837(a) of the Defense Authorization Act creates for the first time a mandatory investigation provision under Exon-Florio. There are three points worth noting about this provision. First, this provision is limited in application to certain types of acquisitions. Specifically, the acquirer in question must be a foreign government controlled entity, or an entity acting on behalf of a for-

ign government. Furthermore, the acquisition must be one which "could result in control of a person engaged in interstate commerce in the United States that could affect the national security of the United States" (emphasis added). Thus, even where the other specified criteria are met, this provision does not mandate an investigation for cases that could not "affect the national security of the United States."

Second, for purposes of determining whether the acquisition results in foreign government control, CFIUS is applying the same functional test for control as provided in §800.204.

Third, in contrast to the criterion for Presidential action under Exon-Florio, *i.e.*, that the foreign party acquiring control might take action that "threatens to impair the national security," the criterion for undertaking an investigation of transactions involving government controlled entities is that there could be an effect on the national security.

The term "foreign government" has been broadly defined for purposes of these regulations to include any government or body exercising governmental functions, and includes but is not limited to national as well as various regional and local levels of government. It is important to note that the definition is not limited to the particular levels of government that are specified in the regulation, and that other governmental bodies, including supra-national entities such as the European Union (including its component parts), are covered by this regulation.

For purposes of the mandatory investigation provision, the regulations define the term "engage in" as used in the phrase "seeks to engage in any merger, acquisition or takeover \* \* \*" to mean "seeks to acquire control through." The purpose of this regulation is to clarify that the mandatory investigation provision would not be triggered in cases where a foreign government controlled entity's participation in an acquisition is solely for the purpose of investment, as defined in §800.217 of the regulations. The Committee believes that this reading is supported by the legislative history, and particularly floor statements made by members of Congress who sponsored this particular amendment. *See, e.g.*, Cong. Rec., Sept. 18, 1992, pages S 14050 through 14053 (comments of Senators Exon, Sarbanes and Riegle); and Cong. Rec. Oct. 3, 1992, page H 10986 (comments of Representative Collins). Subparagraph 800.402(c)(5)(iii) has been changed in the final regulations by the addition of the words "for example" to clarify that an agency or representative role are examples of ways in which a foreign person can act on behalf of a foreign government, but are not the only ways in which such a relationship could be conducted.

**Pt. 800, App. B**

**31 CFR Ch. VIII (7-1-02 Edition)**

DRAFTING INFORMATION

The principal author of this document is the Office of the Assistant General Counsel (International Affairs). However, personnel

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[59 FR 27180, May 25, 1994]



CHAPTER IX—FEDERAL CLAIMS COLLECTION  
STANDARDS (DEPARTMENT OF THE  
TREASURY—DEPARTMENT OF JUSTICE)

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<i>Part</i>		<i>Page</i>
900	Scope of standards .....	1053
901	Standards for the administrative collection of claims .....	1055
902	Standards for the compromise of claims .....	1064
903	Standards for suspending or terminating collection activity .....	1066
904	Referrals to the Department of Justice .....	1068



## PART 900—SCOPE OF STANDARDS

- Sec.
- 900.1 Prescription of standards.
  - 900.2 Definitions and construction.
  - 900.3 Antitrust, fraud, and tax and inter-agency claims excluded.
  - 900.4 Compromise, waiver, or disposition under other statutes not precluded.
  - 900.5 Form of payment.
  - 900.6 Subdivision of claims not authorized.
  - 900.7 Required administrative proceedings.
  - 900.8 No private rights created.

AUTHORITY: 31 U.S.C. 3711.

SOURCE: 65 FR 70395, Nov. 22, 2000, unless otherwise noted.

### § 900.1 Prescription of standards.

(a) The Secretary of the Treasury and the Attorney General of the United States are issuing the regulations in parts 900–904 of this chapter under the authority contained in 31 U.S.C. 3711(d)(2). The regulations in this chapter prescribe standards for Federal agency use in the administrative collection, offset, compromise, and the suspension or termination of collection activity for civil claims for money, funds, or property, as defined by 31 U.S.C. 3701(b), unless specific Federal agency statutes or regulations apply to such activities or, as provided for by Title 11 of the United States Code, when the claims involve bankruptcy. Federal agencies include agencies of the executive, legislative, and judicial branches of the Government, including Government corporations. The regulations in this chapter also prescribe standards for referring debts to the Department of Justice for litigation. Additional guidance is contained in the Office of Management and Budget's Circular A-129 (Revised), "Policies for Federal Credit Programs and Non-Tax Receivables," the Department of the Treasury's "Managing Federal Receivables," and other publications concerning debt collection and debt management. These publications are available from the Debt Management Services, Financial Management Service, Department of the Treasury, 401 14th Street SW., Room 151, Washington, DC 20227.

(b) Additional rules governing centralized administrative offset and the transfer of delinquent debt to the Department of the Treasury (Treasury) or

Treasury-designated debt collection centers for collection (cross-servicing) under the Debt Collection Improvement Act of 1996, Public Law 104-134, 110 Stat. 1321, 1358 (April 26, 1996), are issued in separate regulations by Treasury. Rules governing the use of certain debt collection tools created under the Debt Collection Improvement Act of 1996, such as administrative wage garnishment, also are issued in separate regulations by Treasury. See generally 31 CFR part 285.

(c) Agencies are not limited to the remedies contained in parts 900–904 of this chapter and are encouraged to use all authorized remedies, including alternative dispute resolution and arbitration, to collect civil claims, to the extent that such remedies are not inconsistent with the Federal Claims Collection Act, as amended, Public Law 89-508, 80 Stat. 308 (July 19, 1966), the Debt Collection Act of 1982, Public Law 97-365, 96 Stat. 1749 (October 25, 1982), the Debt Collection Improvement Act of 1996, or other relevant statutes. The regulations in this chapter are not intended to impair agencies' common law rights to collect debts.

(d) Standards and policies regarding the classification of debt for accounting purposes (for example, write off of uncollectible debt) are contained in the Office of Management and Budget's Circular A-129 (Revised), "Policies for Federal Credit Programs and Non-Tax Receivables."

### § 900.2 Definitions and construction.

(a) For the purposes of the standards in this chapter, the terms "claim" and "debt" are synonymous and interchangeable. They refer to an amount of money, funds, or property that has been determined by an agency official to be due the United States from any person, organization, or entity, except another Federal agency. For the purposes of administrative offset under 31 U.S.C. 3716, the terms "claim" and "debt" include an amount of money, funds, or property owed by a person to a State (including past-due support being enforced by a State), the District of Columbia, American Samoa, Guam, the United States Virgin Islands, the

### § 900.3

Commonwealth of the Northern Mariana Islands, or the Commonwealth of Puerto Rico.

(b) A debt is “delinquent” if it has not been paid by the date specified in the agency’s initial written demand for payment or applicable agreement or instrument (including a post-delinquency payment agreement), unless other satisfactory payment arrangements have been made.

(c) In parts 900-904 of this chapter, words in the plural form shall include the singular and vice versa, and words signifying the masculine gender shall include the feminine and vice versa. The terms “includes” and “including” do not exclude matters not listed but do include matters that are in the same general class.

(d) Recoupment is a special method for adjusting debts arising under the same transaction or occurrence. For example, obligations arising under the same contract generally are subject to recoupment.

(e) For purposes of the standards in this chapter, unless otherwise stated, “Secretary” means the Secretary of the Treasury or the Secretary’s delegate.

#### **§ 900.3 Antitrust, fraud, and tax and interagency claims excluded.**

(a) The standards in parts 900-904 of this chapter relating to compromise, suspension, and termination of collection activity do not apply to any debt based in whole or in part on conduct in violation of the antitrust laws or to any debt involving fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any party having an interest in the claim. Only the Department of Justice has the authority to compromise, suspend, or terminate collection activity on such claims. The standards in parts 900-904 of this chapter relating to the administrative collection of claims do apply, but only to the extent authorized by the Department of Justice in a particular case. Upon identification of a claim based in whole or in part on conduct in violation of the antitrust laws or any claim involving fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any party having an interest in the

### 31 CFR Ch. IX (7-1-02 Edition)

claim, agencies shall promptly refer the case to the Department of Justice for action. At its discretion, the Department of Justice may return the claim to the forwarding agency for further handling in accordance with the standards in parts 900-904 of this chapter.

(b) Parts 900-904 of this chapter do not apply to tax debts.

(c) Parts 900-904 of this chapter do not apply to claims between Federal agencies. Federal agencies should attempt to resolve interagency claims by negotiation in accordance with Executive Order 12146 (3 CFR, 1980 Comp., pp. 409-412).

#### **§ 900.4 Compromise, waiver, or disposition under other statutes not precluded.**

Nothing in parts 900-904 of this chapter precludes agency disposition of any claim under statutes and implementing regulations other than subchapter II of chapter 37 of Title 31 of the United States Code (Claims of the United States Government) and the standards in this chapter. *See, e.g.*, the Federal Medical Care Recovery Act, Public Law 87-693, 76 Stat. 593 (September 25, 1962) (codified at 42 U.S.C. 2651 *et seq.*), and applicable regulations, 28 CFR part 43. In such cases, the laws and regulations that are specifically applicable to claims collection activities of a particular agency generally take precedence over parts 900-904 of this chapter.

#### **§ 900.5 Form of payment.**

Claims may be paid in the form of money or, when a contractual basis exists, the Government may demand the return of specific property or the performance of specific services.

#### **§ 900.6 Subdivision of claims not authorized.**

Debts may not be subdivided to avoid the monetary ceiling established by 31 U.S.C. 3711(a)(2). A debtor’s liability arising from a particular transaction or contract shall be considered a single debt in determining whether the debt is one of less than \$100,000 (excluding interest, penalties, and administrative costs) or such higher amount as the Attorney General shall from time to time prescribe for purposes of compromise

## Federal Claims Collection Standards, Treasury

## § 901.1

or suspension or termination of collection activity.

### § 900.7 Required administrative proceedings.

Agencies are not required to omit, foreclose, or duplicate administrative proceedings required by contract or other laws or regulations.

### § 900.8 No private rights created.

The standards in this chapter do not create any right or benefit, substantive or procedural, enforceable at law or in equity by a party against the United States, its agencies, its officers, or any other person, nor shall the failure of an agency to comply with any of the provisions of parts 900-904 of this chapter be available to any debtor as a defense.

## PART 901—STANDARDS FOR THE ADMINISTRATIVE COLLECTION OF CLAIMS

Sec.

- 901.1 Aggressive agency collection activity.
- 901.2 Demand for payment.
- 901.3 Collection by administrative offset.
- 901.4 Reporting debts.
- 901.5 Contracting with private collection contractors and with entities that locate and recover unclaimed assets.
- 901.6 Suspension or revocation of eligibility for loans and loan guaranties, licenses, permits, or privileges.
- 901.7 Liquidation of collateral.
- 901.8 Collection in installments.
- 901.9 Interest, penalties, and administrative costs.
- 901.10 Analysis of costs.
- 901.11 Use and disclosure of mailing addresses.
- 901.12 Exemptions.

AUTHORITY: 31 U.S.C. 3701, 3711, 3716, 3717, 3718, and 3720B.

SOURCE: 65 FR 70396, Nov. 22, 2000, unless otherwise noted.

### § 901.1 Aggressive agency collection activity.

(a) Federal agencies shall aggressively collect all debts arising out of activities of, or referred or transferred for collection services to, that agency. Collection activities shall be undertaken promptly with follow-up action taken as necessary. Nothing contained in parts 900-904 of this chapter requires the Department of Justice, Treasury,

or other Treasury-designated debt collection centers, to duplicate collection activities previously undertaken by other agencies or to perform collection activities that other agencies should have undertaken.

(b) Debts referred or transferred to Treasury, or Treasury-designated debt collection centers under the authority of 31 U.S.C. 3711(g), shall be serviced, collected, or compromised, or the collection action will be suspended or terminated, in accordance with the statutory requirements and authorities applicable to the collection of such debts.

(c) Agencies shall cooperate with one another in their debt collection activities.

(d) Agencies should consider referring debts that are less than 180 days delinquent to Treasury or to Treasury-designated "debt collection centers" to accomplish efficient, cost effective debt collection. Treasury is a debt collection center, is authorized to designate other Federal agencies as debt collection centers based on their performance in collecting delinquent debts, and may withdraw such designations. Referrals to debt collection centers shall be at the discretion of, and for a time period acceptable to, the Secretary. Referrals may be for servicing, suspension, compromise, suspension, or termination of collection action.

(e) Agencies shall transfer to the Secretary any debt that has been delinquent for a period of 180 days or more so that the Secretary may take appropriate action to collect the debt or terminate collection action. *See* 31 CFR 285.12 (Transfer of Debts to Treasury for Collection). This requirement does not apply to any debt that:

- (1) Is in litigation or foreclosure;
- (2) Will be disposed of under an approved asset sale program;
- (3) Has been referred to a private collection contractor for a period of time acceptable to the Secretary;
- (4) Is at a debt collection center for a period of time acceptable to the Secretary (see paragraph (d) of this section);
- (5) Will be collected under internal offset procedures within three years after the debt first became delinquent; or

## § 901.2

## 31 CFR Ch. IX (7-1-02 Edition)

(6) Is exempt from this requirement based on a determination by the Secretary that exemption for a certain class of debt is in the best interest of the United States. Agencies may request that the Secretary exempt specific classes of debts.

(f) Agencies operating Treasury-designated debt collection centers are authorized to charge a fee for services rendered regarding referred or transferred debts. The fee may be paid out of amounts collected and may be added to the debt as an administrative cost (see § 901.10).

### § 901.2 Demand for payment.

(a) Written demand as described in paragraph (b) of this section shall be made promptly upon a debtor of the United States in terms that inform the debtor of the consequences of failing to cooperate with the agency to resolve the debt. The specific content, timing, and number of demand letters shall depend upon the type and amount of the debt and the debtor's response, if any, to the agency's letters or telephone calls. Generally, one demand letter should suffice. In determining the timing of the demand letter(s), agencies should give due regard to the need to refer debts promptly to the Department of Justice for litigation, in accordance with § 904.1 of this chapter or otherwise. When necessary to protect the Government's interest (for example, to prevent the running of a statute of limitations), written demand may be preceded by other appropriate actions under parts 900-904 of this chapter, including immediate referral for litigation.

(b) Demand letters shall inform the debtor of:

(1) The basis for the indebtedness and the rights, if any, the debtor may have to seek review within the agency;

(2) The applicable standards for imposing any interest, penalties, or administrative costs;

(3) The date by which payment should be made to avoid late charges (*i.e.* interest, penalties, and administrative costs) and enforced collection, which generally should not be more than 30 days from the date that the demand letter is mailed or hand-delivered; and

(4) The name, address, and phone number of a contact person or office within the agency.

(c) Agencies should exercise care to ensure that demand letters are mailed or hand-delivered on the same day that they are dated. There is no prescribed format for demand letters. Agencies should utilize demand letters and procedures that will lead to the earliest practicable determination of whether the debt can be resolved administratively or must be referred for litigation.

(d) Agencies should include in demand letters such items as the agency's willingness to discuss alternative methods of payment; its policies with respect to the use of credit bureaus, debt collection centers, and collection agencies; the agency's remedies to enforce payment of the debt (including assessment of interest, administrative costs and penalties, administrative garnishment, the use of collection agencies, Federal salary offset, tax refund offset, administrative offset, and litigation); the requirement that any debt delinquent for more than 180 days be transferred to the Department of the Treasury for collection; and, depending on applicable statutory authority, the debtor's entitlement to consideration of a waiver.

(e) Agencies should respond promptly to communications from debtors, within 30 days whenever feasible, and should advise debtors who dispute debts to furnish available evidence to support their contentions.

(f) Prior to the initiation of the demand process or at any time during or after completion of the demand process, if an agency determines to pursue, or is required to pursue, offset, the procedures applicable to offset should be followed (see § 901.3). The availability of funds or money for debt satisfaction by offset and the agency's determination to pursue collection by offset shall release the agency from the necessity of further compliance with paragraphs (a), (b), (c), and (d) of this section.

(g) Prior to referring a debt for litigation, agencies should advise each person determined to be liable for the debt that, unless the debt can be collected administratively, litigation may be initiated. This notification should

## Federal Claims Collection Standards, Treasury

## § 901.3

comply with Executive Order 12988 (3 CFR, 1996 Comp., pp. 157-163) and may be given as part of a demand letter under paragraph (b) of this section or in a separate document. Litigation counsel for the Government should be advised that this notice has been given.

(h) When an agency learns that a bankruptcy petition has been filed with respect to a debtor, before proceeding with further collection action, the agency should immediately seek legal advice from its agency counsel concerning the impact of the Bankruptcy Code on any pending or contemplated collection activities. Unless the agency determines that the automatic stay imposed at the time of filing pursuant to 11 U.S.C. 362 has been lifted or is no longer in effect, in most cases collection activity against the debtor should stop immediately.

(1) After seeking legal advice, a proof of claim should be filed in most cases with the bankruptcy court or the Trustee. Agencies should refer to the provisions of 11 U.S.C. 106 relating to the consequences on sovereign immunity of filing a proof of claim.

(2) If the agency is a secured creditor, it may seek relief from the automatic stay regarding its security, subject to the provisions and requirements of 11 U.S.C. 362.

(3) Offset is stayed in most cases by the automatic stay. However, agencies should seek legal advice from their agency counsel to determine whether their payments to the debtor and payments of other agencies available for offset may be frozen by the agency until relief from the automatic stay can be obtained from the bankruptcy court. Agencies also should seek legal advice from their agency counsel to determine whether recoupment is available.

### § 901.3 Collection by administrative offset.

(a) *Scope.* (1) The term “administrative offset” has the meaning provided in 31 U.S.C. 3701(a)(1).

(2) This section does not apply to:

(i) Debts arising under the Social Security Act, except as provided in 42 U.S.C. 404;

(ii) Payments made under the Social Security Act, except as provided for in

31 U.S.C. 3716(c) (*see* 31 CFR 285.4, Federal Benefit Offset);

(iii) Debts arising under, or payments made under, the Internal Revenue Code (*see* 31 CFR 285.2, Tax Refund Offset) or the tariff laws of the United States;

(iv) Offsets against Federal salaries to the extent these standards are inconsistent with regulations published to implement such offsets under 5 U.S.C. 5514 and 31 U.S.C. 3716 (*see* 5 CFR part 550, subpart K, and 31 CFR 285.7, Federal Salary Offset);

(v) Offsets under 31 U.S.C. 3728 against a judgment obtained by a debtor against the United States;

(vi) Offsets or recoupments under common law, State law, or Federal statutes specifically prohibiting offsets or recoupments of particular types of debts; or

(vii) Offsets in the course of judicial proceedings, including bankruptcy.

(3) Unless otherwise provided for by contract or law, debts or payments that are not subject to administrative offset under 31 U.S.C. 3716 may be collected by administrative offset under the common law or other applicable statutory authority.

(4) Unless otherwise provided by law, administrative offset of payments under the authority of 31 U.S.C. 3716 to collect a debt may not be conducted more than 10 years after the Government’s right to collect the debt first accrued, unless facts material to the Government’s right to collect the debt were not known and could not reasonably have been known by the official or officials of the Government who were charged with the responsibility to discover and collect such debts. This limitation does not apply to debts reduced to a judgment.

(5) In bankruptcy cases, agencies should seek legal advice from their agency counsel concerning the impact of the Bankruptcy Code, particularly 11 U.S.C. 106, 362, and 553, on pending or contemplated collections by offset.

(b) *Mandatory centralized administrative offset.* (1) Creditor agencies are required to refer past due, legally enforceable nontax debts which are over 180 days delinquent to the Secretary for collection by centralized administrative offset. Debts which are less than 180 days delinquent also may be

### §901.3

### 31 CFR Ch. IX (7-1-02 Edition)

referred to the Secretary for this purpose. See §901.3(b)(5) for debt certification requirements.

(2) The names and taxpayer identifying numbers (TINs) of debtors who owe debts referred to the Secretary as described in paragraph (b)(1) of this section shall be compared to the names and TINs on payments to be made by Federal disbursing officials. Federal disbursing officials include disbursing officials of Treasury, the Department of Defense, the United States Postal Service, other Government corporations, and disbursing officials of the United States designated by the Secretary. When the name and TIN of a debtor match the name and TIN of a payee and all other requirements for offset have been met, the payment will be offset to satisfy the debt.

(3) Federal disbursing officials will notify the debtor/payee in writing that an offset has occurred to satisfy, in part or in full, a past due, legally enforceable delinquent debt. The notice shall include a description of the type and amount of the payment from which the offset was taken, the amount of offset that was taken, the identity of the creditor agency requesting the offset, and a contact point within the creditor agency who will respond to questions regarding the offset.

(4)(i) Before referring a delinquent debt to the Secretary for administrative offset, agencies must have prescribed administrative offset regulations consistent with this section or have adopted this section without change by cross-reference.

(ii) Such regulations shall provide that offsets may be initiated only after the debtor:

(A) Has been sent written notice of the type and amount of the debt, the intention of the agency to use administrative offset to collect the debt, and an explanation of the debtor's rights under 31 U.S.C. 3716; and

(B) The debtor has been given:

(1) The opportunity to inspect and copy agency records related to the debt;

(2) The opportunity for a review within the agency of the determination of indebtedness; and

(3) The opportunity to make a written agreement to repay the debt.

(iii) Agency regulations may provide for the omission of the procedures set forth in paragraph (a)(4)(ii) of this section when:

(A) The offset is in the nature of a recoupment;

(B) The debt arises under a contract as set forth in *Cecile Industries, Inc. v. Cheney*, 995 F.2d 1052 (Fed. Cir. 1993) (notice and other procedural protections set forth in 31 U.S.C. 3716(a) do not supplant or restrict established procedures for contractual offsets accommodated by the Contracts Disputes Act); or

(C) In the case of non-centralized administrative offsets conducted under paragraph (c) of this section, the agency first learns of the existence of the amount owed by the debtor when there is insufficient time before payment would be made to the debtor/payee to allow for prior notice and an opportunity for review. When prior notice and an opportunity for review are omitted, the agency shall give the debtor such notice and an opportunity for review as soon as practicable and shall promptly refund any money ultimately found not to have been owed to the Government.

(iv) When an agency previously has given a debtor any of the required notice and review opportunities with respect to a particular debt (see, e.g., §901.2), the agency need not duplicate such notice and review opportunities before administrative offset may be initiated.

(5) Agencies referring delinquent debts to the Secretary must certify, in a form acceptable to the Secretary, that:

(i) The debt(s) is (are) past due and legally enforceable; and

(ii) The agency has complied with all due process requirements under 31 U.S.C. 3716(a) and the agency's regulations.

(6) Payments that are prohibited by law from being offset are exempt from centralized administrative offset. The Secretary shall exempt payments under means-tested programs from centralized administrative offset when requested in writing by the head of the payment certifying or authorizing agency. Also, the Secretary may exempt other classes of payments from



centralized offset upon the written request of the head of the payment certifying or authorizing agency.

(7) Benefit payments made under the Social Security Act (42 U.S.C. 301 *et seq.*), part B of the Black Lung Benefits Act (30 U.S.C. 921 *et seq.*), and any law administered by the Railroad Retirement Board (other than tier 2 benefits), may be offset only in accordance with Treasury regulations, issued in consultation with the Social Security Administration, the Railroad Retirement Board, and the Office of Management and Budget. See 31 CFR 285.4.

(8) In accordance with 31 U.S.C. 3716(f), the Secretary may waive the provisions of the Computer Matching and Privacy Protection Act of 1988 concerning matching agreements and post-match notification and verification (5 U.S.C. 552a(o) and (p)) for centralized administrative offset upon receipt of a certification from a creditor agency that the due process requirements enumerated in 31 U.S.C. 3716(a) have been met. The certification of a debt in accordance with paragraph (b)(5) of this section will satisfy this requirement. If such a waiver is granted, only the Data Integrity Board of the Department of the Treasury is required to oversee any matching activities, in accordance with 31 U.S.C. 3716(g). This waiver authority does not apply to offsets conducted under paragraphs (c) and (d) of this section.

(c) *Non-centralized administrative offset.* (1) Generally, non-centralized administrative offsets are *ad hoc* case-by-case offsets that an agency conducts, at the agency's discretion, internally or in cooperation with the agency certifying or authorizing payments to the debtor. Unless otherwise prohibited by law, when centralized administrative offset is not available or appropriate, past due, legally enforceable nontax delinquent debts may be collected through non-centralized administrative offset. In these cases, a creditor agency may make a request directly to a payment authorizing agency to offset a payment due a debtor to collect a delinquent debt. For example, it may be appropriate for a creditor agency to request that the Office of Personnel Management (OPM) offset a Federal employee's lump sum payment upon leav-

ing Government service to satisfy an unpaid advance.

(2) Before requesting a payment authorizing agency to conduct a non-centralized administrative offset, agencies must adopt regulations providing that such offsets may occur only after:

(i) The debtor has been provided due process as set forth in paragraph (b)(4) of this section; and

(ii) The payment authorizing agency has received written certification from the creditor agency that the debtor owes the past due, legally enforceable delinquent debt in the amount stated, and that the creditor agency has fully complied with its regulations concerning administrative offset.

(3) Payment authorizing agencies shall comply with offset requests by creditor agencies to collect debts owed to the United States, unless the offset would not be in the best interests of the United States with respect to the program of the payment authorizing agency, or would otherwise be contrary to law. Appropriate use should be made of the cooperative efforts of other agencies in effecting collection by administrative offset.

(4) When collecting multiple debts by non-centralized administrative offset, agencies should apply the recovered amounts to those debts in accordance with the best interests of the United States, as determined by the facts and circumstances of the particular case, particularly the applicable statute of limitations.

(d) *Requests to OPM to offset a debtor's anticipated or future benefit payments under the Civil Service Retirement and Disability Fund.* Upon providing OPM written certification that a debtor has been afforded the procedures provided in paragraph (b)(4) of this section, creditor agencies may request OPM to offset a debtor's anticipated or future benefit payments under the Civil Service Retirement and Disability Fund (Fund) in accordance with regulations codified at 5 CFR 831.1801-831.1808. Upon receipt of such a request, OPM will identify and "flag" a debtor's account in anticipation of the time when the debtor requests, or becomes eligible to receive, payments from the Fund. This will satisfy any requirement that offset be initiated prior to the expiration of

## § 901.4

## 31 CFR Ch. IX (7-1-02 Edition)

the time limitations referenced in paragraph (a)(4) of this section.

(e) *Review requirements.* (1) For purposes of this section, whenever an agency is required to afford a debtor a review within the agency, the agency shall provide the debtor with a reasonable opportunity for an oral hearing when the debtor requests reconsideration of the debt and the agency determines that the question of the indebtedness cannot be resolved by review of the documentary evidence, for example, when the validity of the debt turns on an issue of credibility or veracity.

(2) Unless otherwise required by law, an oral hearing under this section is not required to be a formal evidentiary hearing, although the agency should carefully document all significant matters discussed at the hearing.

(3) This section does not require an oral hearing with respect to debt collection systems in which a determination of indebtedness rarely involves issues of credibility or veracity and the agency has determined that review of the written record is ordinarily an adequate means to correct prior mistakes.

(4) In those cases when an oral hearing is not required by this section, an agency shall accord the debtor a "paper hearing," that is, a determination of the request for reconsideration based upon a review of the written record.

### § 901.4 Reporting debts.

(a) Agencies shall develop and implement procedures for reporting delinquent debts to credit bureaus and other automated databases. Agencies also may develop procedures to report non-delinquent debts to credit bureaus. See 31 U.S.C. 3711(e).

(1) In developing procedures for reporting debts to credit bureaus, agencies shall comply with the Bankruptcy Code and the Privacy Act of 1974, 5 U.S.C. 552a, as amended. The provisions of the Privacy Act do not apply to credit bureaus.

(2) Agency procedures for reporting delinquent consumer debts to credit bureaus shall be consistent with the due process and other requirements contained in 31 U.S.C. 3711(e). When an agency has given a debtor any of the required notice and review opportuni-

ties with respect to a particular debt, the agency need not duplicate such notice and review opportunities before reporting that delinquent consumer debt to credit bureaus.

(b) Agencies should report delinquent debts to the Department of Housing and Urban Development's Credit Alert Interactive Voice Response System (CAIVRS). For information about the CAIVRS program, agencies should contact the Director of Information Resources Management Policy and Management Division, Office of Information Technology, Department of Housing and Urban Development, 451 7th Street, SW., Washington, DC 20410.

### § 901.5 Contracting with private collection contractors and with entities that locate and recover unclaimed assets.

(a) Subject to the provisions of paragraph (b) of this section, Federal agencies may contract with private collection contractors, as defined in 31 U.S.C. 3701(f), to recover delinquent debts provided that:

(1) Agencies retain the authority to resolve disputes, compromise debts, suspend or terminate collection activity, and refer debts for litigation;

(2) The private collection contractor is not allowed to offer the debtor, as an incentive for payment, the opportunity to pay the debt less the private collection contractor's fee unless the agency has granted such authority prior to the offer;

(3) The contract provides that the private collection contractor is subject to the Privacy Act of 1974 to the extent specified in 5 U.S.C. 552a(m), and to applicable Federal and state laws and regulations pertaining to debt collection practices, including but not limited to the Fair Debt Collection Practices Act, 15 U.S.C. 1692; and

(4) The private collection contractor is required to account for all amounts collected.

(b) Agencies shall use government-wide debt collection contracts to obtain debt collection services provided by private collection contractors. However, agencies may refer debts to private collection contractors pursuant to a contract between the agency and the private collection contractor only if

such debts are not subject to the requirement to transfer debts to Treasury for debt collection. *See* 31 U.S.C. 3711(g); 31 CFR 285.12(e).

(c) Agencies may fund private collection contractor contracts in accordance with 31 U.S.C. 3718(d), or as otherwise permitted by law.

(d) Agencies may enter into contracts for locating and recovering assets of the United States, such as unclaimed assets. Agencies must establish procedures that are acceptable to the Secretary before entering into contracts to recover assets of the United States held by a state government or a financial institution.

(e) Agencies may enter into contracts for debtor asset and income search reports. In accordance with 31 U.S.C. 3718(d), such contracts may provide that the fee a contractor charges the agency for such services may be payable from the amounts recovered, unless otherwise prohibited by statute.

**§ 901.6 Suspension or revocation of eligibility for loans and loan guarantees, licenses, permits, or privileges.**

(a) Unless waived by the head of the agency, agencies are not permitted to extend financial assistance in the form of a loan, loan guarantee, or loan insurance to any person delinquent on a nontax debt owed to a Federal agency. This prohibition does not apply to disaster loans. The authority to waive the application of this section may be delegated to the Chief Financial Officer and redelegated only to the Deputy Chief Financial Officer of the agency. Agencies may extend credit after the delinquency has been resolved. The Secretary may exempt classes of debts from this prohibition and has prescribed standards defining when a “delinquency” is “resolved” for purposes of this prohibition. *See* 31 CFR 285.13 (Barring Delinquent Debtors From Obtaining Federal Loans or Loan Insurance or Guarantees).

(b) In non-bankruptcy cases, agencies seeking the collection of statutory penalties, forfeitures, or other types of claims should consider the suspension or revocation of licenses, permits, or other privileges for any inexcusable or willful failure of a debtor to pay such a debt in accordance with the agency’s

regulations or governing procedures. The debtor should be advised in the agency’s written demand for payment of the agency’s ability to suspend or revoke licenses, permits, or privileges. Any agency making, guaranteeing, insuring, acquiring, or participating in, loans should consider suspending or disqualifying any lender, contractor, or broker from doing further business with the agency or engaging in programs sponsored by the agency if such lender, contractor, or broker fails to pay its debts to the Government within a reasonable time or if such lender, contractor, or broker has been suspended, debarred, or disqualified from participation in a program or activity by another Federal agency. The failure of any surety to honor its obligations in accordance with 31 U.S.C. 9305 should be reported to the Treasury. The Treasury will forward to all interested agencies notification that a surety’s certificate of authority to do business with the Government has been revoked by the Treasury.

(c) The suspension or revocation of licenses, permits, or privileges also should extend to Federal programs or activities that are administered by the states on behalf of the Federal Government, to the extent that they affect the Federal Government’s ability to collect money or funds owed by debtors. Therefore, states that manage Federal activities, pursuant to approval from the agencies, should ensure that appropriate steps are taken to safeguard against issuing licenses, permits, or privileges to debtors who fail to pay their debts to the Federal Government.

(d) In bankruptcy cases, before advising the debtor of an agency’s intention to suspend or revoke licenses, permits, or privileges, agencies should seek legal advice from their agency counsel concerning the impact of the Bankruptcy Code, particularly 11 U.S.C. 362 and 525, which may restrict such action.

**§ 901.7 Liquidation of collateral.**

(a) Agencies should liquidate security or collateral through the exercise of a power of sale in the security instrument or a nonjudicial foreclosure, and apply the proceeds to the applicable debt(s), if the debtor fails to pay

## § 901.8

the debt(s) within a reasonable time after demand and if such action is in the best interest of the United States. Collection from other sources, including liquidation of security or collateral, is not a prerequisite to requiring payment by a surety, insurer, or guarantor unless such action is expressly required by statute or contract.

(b) When an agency learns that a bankruptcy petition has been filed with respect to a debtor, the agency should seek legal advice from its agency counsel concerning the impact of the Bankruptcy Code, including, but not limited to, 11 U.S.C. 362, to determine the applicability of the automatic stay and the procedures for obtaining relief from such stay prior to proceeding under paragraph (a) of this section.

### § 901.8 Collection in installments.

(a) Whenever feasible, agencies shall collect the total amount of a debt in one lump sum. If a debtor is financially unable to pay a debt in one lump sum, agencies may accept payment in regular installments. Agencies should obtain financial statements from debtors who represent that they are unable to pay in one lump sum and independently verify such representations whenever possible (see § 902.2(g) of this chapter). Agencies that agree to accept payments in regular installments should obtain a legally enforceable written agreement from the debtor that specifies all of the terms of the arrangement and that contains a provision accelerating the debt in the event of default.

(b) The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. If possible, the installment payments should be sufficient in size and frequency to liquidate the debt in three years or less.

(c) Security for deferred payments should be obtained in appropriate cases. Agencies may accept installment payments notwithstanding the refusal of the debtor to execute a written agreement or to give security, at the agency's option.

## 31 CFR Ch. IX (7-1-02 Edition)

### § 901.9 Interest, penalties, and administrative costs.

(a) Except as provided in paragraphs (g), (h), and (i) of this section, agencies shall charge interest, penalties, and administrative costs on debts owed to the United States pursuant to 31 U.S.C. 3717. An agency shall mail or hand-deliver a written notice to the debtor, at the debtor's most recent address available to the agency, explaining the agency's requirements concerning these charges except where these requirements are included in a contractual or repayment agreement. These charges shall continue to accrue until the debt is paid in full or otherwise resolved through compromise, termination, or waiver of the charges.

(b) Agencies shall charge interest on debts owed the United States as follows:

(1) Interest shall accrue from the date of delinquency, or as otherwise provided by law.

(2) Unless otherwise established in a contract, repayment agreement, or by statute, the rate of interest charged shall be the rate established annually by the Secretary in accordance with 31 U.S.C. 3717. Pursuant to 31 U.S.C. 3717, an agency may charge a higher rate of interest if it reasonably determines that a higher rate is necessary to protect the rights of the United States. The agency should document the reason(s) for its determination that the higher rate is necessary.

(3) The rate of interest, as initially charged, shall remain fixed for the duration of the indebtedness. When a debtor defaults on a repayment agreement and seeks to enter into a new agreement, the agency may require payment of interest at a new rate that reflects the current value of funds to the Treasury at the time the new agreement is executed. Interest shall not be compounded, that is, interest shall not be charged on interest, penalties, or administrative costs required by this section. If, however, a debtor defaults on a previous repayment agreement, charges that accrued but were not collected under the defaulted agreement shall be added to the principal under the new repayment agreement.

## Federal Claims Collection Standards, Treasury

## § 901.12

(c) Agencies shall assess administrative costs incurred for processing and handling delinquent debts. The calculation of administrative costs should be based on actual costs incurred or upon estimated costs as determined by the assessing agency.

(d) Unless otherwise established in a contract, repayment agreement, or by statute, agencies shall charge a penalty, pursuant to 31 U.S.C. 3717(e)(2), not to exceed six percent a year on the amount due on a debt that is delinquent for more than 90 days. This charge shall accrue from the date of delinquency.

(e) Agencies may increase an “administrative debt” by the cost of living adjustment in lieu of charging interest and penalties under this section. “Administrative debt” includes, but is not limited to, a debt based on fines, penalties, and overpayments, but does not include a debt based on the extension of Government credit, such as those arising from loans and loan guaranties. The cost of living adjustment is the percentage by which the Consumer Price Index for the month of June of the calendar year preceding the adjustment exceeds the Consumer Price Index for the month of June of the calendar year in which the debt was determined or last adjusted. Increases to administrative debts shall be computed annually. Agencies should use this alternative only when there is a legitimate reason to do so, such as when calculating interest and penalties on a debt would be extremely difficult because of the age of the debt.

(f) When a debt is paid in partial or installment payments, amounts received by the agency shall be applied first to outstanding penalties, second to administrative charges, third to interest, and last to principal.

(g) Agencies shall waive the collection of interest and administrative charges imposed pursuant to this section on the portion of the debt that is paid within 30 days after the date on which interest began to accrue. Agencies may extend this 30-day period on a case-by-case basis. In addition, agencies may waive interest, penalties, and administrative costs charged under this section, in whole or in part, without regard to the amount of the debt,

either under the criteria set forth in these standards for the compromise of debts, or if the agency determines that collection of these charges is against equity and good conscience or is not in the best interest of the United States.

(h) Agencies shall set forth in their regulations the circumstances under which interest and related charges will not be imposed for periods during which collection activity has been suspended pending agency review.

(i) Agencies are authorized to impose interest and related charges on debts not subject to 31 U.S.C. 3717, in accordance with the common law.

### § 901.10 Analysis of costs.

Agency collection procedures should provide for periodic comparison of costs incurred and amounts collected. Data on costs and corresponding recovery rates for debts of different types and in various dollar ranges should be used to compare the cost effectiveness of alternative collection techniques, establish guidelines with respect to points at which costs of further collection efforts are likely to exceed recoveries, assist in evaluating offers in compromise, and establish minimum debt amounts below which collection efforts need not be taken.

### § 901.11 Use and disclosure of mailing addresses.

(a) When attempting to locate a debtor in order to collect or compromise a debt under parts 900–904 of this chapter or other authority, agencies may send a request to the Secretary (or designee) to obtain a debtor’s mailing address from the records of the Internal Revenue Service.

(b) Agencies are authorized to use mailing addresses obtained under paragraph (a) of this section to enforce collection of a delinquent debt and may disclose such mailing addresses to other agencies and to collection agencies for collection purposes.

### § 901.12 Exemptions.

(a) The preceding sections of this part, to the extent they reflect remedies or procedures prescribed by the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996, such as administrative offset, use

of credit bureaus, contracting for collection agencies, and interest and related charges, do not apply to debts arising under, or payments made under, the Internal Revenue Code of 1986, as amended (26 U.S.C. 1 *et seq.*); the Social Security Act (42 U.S.C. 301 *et seq.*), except to the extent provided under 42 U.S.C. 404 and 31 U.S.C. 3716(c); or the tariff laws of the United States. These remedies and procedures, however, may be authorized with respect to debts that are exempt from the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996, to the extent that they are authorized under some other statute or the common law.

(b) This section should not be construed as prohibiting the use of these authorities or requirements when collecting debts owed by persons employed by agencies administering the laws cited in paragraph (a) of this section unless the debt arose under those laws.

## PART 902—STANDARDS FOR THE COMPROMISE OF CLAIMS

### Sec.

- 902.1 Scope and application.
- 902.2 Bases for compromise.
- 902.3 Enforcement policy.
- 902.4 Joint and several liability.
- 902.5 Further review of compromise offers.
- 902.6 Consideration of tax consequences to the Government.
- 902.7 Mutual releases of the debtor and the Government.

AUTHORITY: 31 U.S.C. 3711.

SOURCE: 65 FR 70402, Nov. 22, 2000, unless otherwise noted.

### § 902.1 Scope and application.

(a) The standards set forth in this part apply to the compromise of debts pursuant to 31 U.S.C. 3711. An agency may exercise such compromise authority for debts arising out of activities of, or referred or transferred for collection services to, that agency when the amount of the debt then due, exclusive of interest, penalties, and administrative costs, does not exceed \$100,000 or any higher amount authorized by the Attorney General. Agency heads may designate officials within their respective agencies to exercise the authorities in this section.

(b) Unless otherwise provided by law, when the principal balance of a debt, exclusive of interest, penalties, and administrative costs, exceeds \$100,000 or any higher amount authorized by the Attorney General, the authority to accept the compromise rests with the Department of Justice. The agency should evaluate the compromise offer, using the factors set forth in this part. If an offer to compromise any debt in excess of \$100,000 is acceptable to the agency, the agency shall refer the debt to the Civil Division or other appropriate litigating division in the Department of Justice using a Claims Collection Litigation Report (CCLR). Agencies may obtain the CCLR from the Department of Justice's National Central Intake Facility. The referral shall include appropriate financial information and a recommendation for the acceptance of the compromise offer. Justice Department approval is not required if the agency rejects a compromise offer.

### § 902.2 Bases for compromise.

(a) Agencies may compromise a debt if the Government cannot collect the full amount because:

(1) The debtor is unable to pay the full amount in a reasonable time, as verified through credit reports or other financial information;

(2) The Government is unable to collect the debt in full within a reasonable time by enforced collection proceedings;

(3) The cost of collecting the debt does not justify the enforced collection of the full amount; or

(4) There is significant doubt concerning the Government's ability to prove its case in court.

(b) In determining the debtor's inability to pay, agencies should consider relevant factors such as the following:

(1) Age and health of the debtor;

(2) Present and potential income;

(3) Inheritance prospects;

(4) The possibility that assets have been concealed or improperly transferred by the debtor; and

(5) The availability of assets or income that may be realized by enforced collection proceedings.

(c) Agencies should verify the debtor's claim of inability to pay by using

a credit report and other financial information as provided in paragraph (g) of this section. Agencies should consider the applicable exemptions available to the debtor under state and Federal law in determining the Government's ability to enforce collection. Agencies also may consider uncertainty as to the price that collateral or other property will bring at a forced sale in determining the Government's ability to enforce collection. A compromise effected under this section should be for an amount that bears a reasonable relation to the amount that can be recovered by enforced collection procedures, with regard to the exemptions available to the debtor and the time that collection will take.

(d) If there is significant doubt concerning the Government's ability to prove its case in court for the full amount claimed, either because of the legal issues involved or because of a bona fide dispute as to the facts, then the amount accepted in compromise of such cases should fairly reflect the probabilities of successful prosecution to judgment, with due regard given to the availability of witnesses and other evidentiary support for the Government's claim. In determining the litigative risks involved, agencies should consider the probable amount of court costs and attorney fees pursuant to the Equal Access to Justice Act, 28 U.S.C. 2412, that may be imposed against the Government if it is unsuccessful in litigation.

(e) Agencies may compromise a debt if the cost of collecting the debt does not justify the enforced collection of the full amount. The amount accepted in compromise in such cases may reflect an appropriate discount for the administrative and litigative costs of collection, with consideration given to the time it will take to effect collection. Collection costs may be a substantial factor in the settlement of small debts. In determining whether the cost of collecting justifies enforced collection of the full amount, agencies should consider whether continued collection of the debt, regardless of cost, is necessary to further an enforcement principle, such as the Government's willingness to pursue aggressively defaulting and uncooperative debtors.

(f) Agencies generally should not accept compromises payable in installments. This is not an advantageous form of compromise in terms of time and administrative expense. If, however, payment of a compromise in installments is necessary, agencies should obtain a legally enforceable written agreement providing that, in the event of default, the full original principal balance of the debt prior to compromise, less sums paid thereon, is reinstated. Whenever possible, agencies also should obtain security for repayment in the manner set forth in part 901 of this chapter.

(g) To assess the merits of a compromise offer based in whole or in part on the debtor's inability to pay the full amount of a debt within a reasonable time, agencies should obtain a current financial statement from the debtor, executed under penalty of perjury, showing the debtor's assets, liabilities, income and expenses. Agencies also may obtain credit reports or other financial information to assess compromise offers. Agencies may use their own financial information form or may request suitable forms from the Department of Justice or the local United States Attorney's Office.

### § 902.3 Enforcement policy.

Pursuant to this part, agencies may compromise statutory penalties, forfeitures, or claims established as an aid to enforcement and to compel compliance, if the agency's enforcement policy in terms of deterrence and securing compliance, present and future, will be adequately served by the agency's acceptance of the sum to be agreed upon.

### § 902.4 Joint and several liability.

(a) When two or more debtors are jointly and severally liable, agencies should pursue collection activity against all debtors, as appropriate. Agencies should not attempt to allocate the burden of payment between the debtors but should proceed to liquidate the indebtedness as quickly as possible.

(b) Agencies should ensure that a compromise agreement with one debtor does not release the agency's claim against the remaining debtors. The

## § 902.5

amount of a compromise with one debtor shall not be considered a precedent or binding in determining the amount that will be required from other debtors jointly and severally liable on the claim.

### § 902.5 Further review of compromise offers.

If an agency is uncertain whether to accept a firm, written, substantive compromise offer on a debt that is within the agency's delegated compromise authority, it may refer the offer to the Civil Division or other appropriate litigating division in the Department of Justice, using a CCLR accompanied by supporting data and particulars concerning the debt. The Department of Justice may act upon such an offer or return it to the agency with instructions or advice.

### § 902.6 Consideration of tax consequences to the Government.

In negotiating a compromise, agencies should consider the tax consequences to the Government. In particular, agencies should consider requiring a waiver of tax-loss-carry-forward and tax-loss-carry-back rights of the debtor. For information on discharge of indebtedness reporting requirements see § 903.5 of this chapter.

### § 902.7 Mutual releases of the debtor and the Government.

In all appropriate instances, a compromise that is accepted by an agency should be implemented by means of a mutual release, in which the debtor is released from further non-tax liability on the compromised debt in consideration of payment in full of the compromise amount and the Government and its officials, past and present, are released and discharged from any and all claims and causes of action arising from the same transaction that the debtor may have. In the event a mutual release is not executed when a debt is compromised, unless prohibited by law, the debtor is still deemed to have waived any and all claims and causes of action against the Government and its officials related to the transaction giving rise to the compromised debt.

## 31 CFR Ch. IX (7-1-02 Edition)

### PART 903—STANDARDS FOR SUSPENDING OR TERMINATING COLLECTION ACTIVITY

Sec.

- 903.1 Scope and application.
- 903.2 Suspension of collection activity.
- 903.3 Termination of collection activity.
- 903.4 Exception to termination.
- 903.5 Discharge of indebtedness; reporting requirements.

AUTHORITY: 31 U.S.C. 3711.

SOURCE: 65 FR 70403, Nov. 22, 2000, unless otherwise noted.

#### § 903.1 Scope and application.

(a) The standards set forth in this part apply to the suspension or termination of collection activity pursuant to 31 U.S.C. 3711 on debts that do not exceed \$100,000, or such other amount as the Attorney General may direct, exclusive of interest, penalties, and administrative costs, after deducting the amount of partial payments or collections, if any. Prior to referring a debt to the Department of Justice for litigation, agencies may suspend or terminate collection under this part with respect to debts arising out of activities of, or referred or transferred for collection services to, that agency.

(b) If, after deducting the amount of any partial payments or collections, the principal amount of a debt exceeds \$100,000, or such other amount as the Attorney General may direct, exclusive of interest, penalties, and administrative costs, the authority to suspend or terminate rests solely with the Department of Justice. If the agency believes that suspension or termination of any debt in excess of \$100,000 may be appropriate, the agency shall refer the debt to the Civil Division or other appropriate litigating division in the Department of Justice, using the CCLR. The referral should specify the reasons for the agency's recommendation. If, prior to referral to the Department of Justice, an agency determines that a debt is plainly erroneous or clearly without legal merit, the agency may terminate collection activity regardless of the amount involved without obtaining Department of Justice concurrence.



## Federal Claims Collection Standards, Treasury

## § 903.3

### § 903.2 Suspension of collection activity.

(a) Agencies may suspend collection activity on a debt when:

(1) The agency cannot locate the debtor;

(2) The debtor's financial condition is expected to improve; or

(3) The debtor has requested a waiver or review of the debt.

(b) Based on the current financial condition of the debtor, agencies may suspend collection activity on a debt when the debtor's future prospects justify retention of the debt for periodic review and collection activity and:

(1) The applicable statute of limitations has not expired; or

(2) Future collection can be effected by administrative offset, notwithstanding the expiration of the applicable statute of limitations for litigation of claims, with due regard to the 10-year limitation for administrative offset prescribed by 31 U.S.C. 3716(e)(1); or

(3) The debtor agrees to pay interest on the amount of the debt on which collection will be suspended, and such suspension is likely to enhance the debtor's ability to pay the full amount of the principal of the debt with interest at a later date.

(c)(1) Agencies shall suspend collection activity during the time required for consideration of the debtor's request for waiver or administrative review of the debt if the statute under which the request is sought prohibits the agency from collecting the debt during that time.

(2) If the statute under which the request is sought does not prohibit collection activity pending consideration of the request, agencies may use discretion, on a case-by-case basis, to suspend collection. Further, an agency ordinarily should suspend collection action upon a request for waiver or review if the agency is prohibited by statute or regulation from issuing a refund of amounts collected prior to agency consideration of the debtor's request. However, an agency should not suspend collection when the agency determines that the request for waiver or review is frivolous or was made primarily to delay collection.

(d) When an agency learns that a bankruptcy petition has been filed with

respect to a debtor, in most cases the collection activity on a debt must be suspended, pursuant to the provisions of 11 U.S.C. 362, 1201, and 1301, unless the agency can clearly establish that the automatic stay has been lifted or is no longer in effect. Agencies should seek legal advice immediately from their agency counsel and, if legally permitted, take the necessary legal steps to ensure that no funds or money are paid by the agency to the debtor until relief from the automatic stay is obtained.

### § 903.3 Termination of collection activity.

(a) Agencies may terminate collection activity when:

(1) The agency is unable to collect any substantial amount through its own efforts or through the efforts of others;

(2) The agency is unable to locate the debtor;

(3) Costs of collection are anticipated to exceed the amount recoverable;

(4) The debt is legally without merit or enforcement of the debt is barred by any applicable statute of limitations;

(5) The debt cannot be substantiated; or

(6) The debt against the debtor has been discharged in bankruptcy.

(b) Before terminating collection activity, the agency should have pursued all appropriate means of collection and determined, based upon the results of the collection activity, that the debt is uncollectible. Termination of collection activity ceases active collection of the debt. The termination of collection activity does not preclude the agency from retaining a record of the account for purposes of:

(1) Selling the debt, if the Secretary determines that such sale is in the best interests of the United States;

(2) Pursuing collection at a subsequent date in the event there is a change in the debtor's status or a new collection tool becomes available;

(3) Offsetting against future income or assets not available at the time of termination of collection activity; or

(4) Screening future applicants for prior indebtedness.

(c) Generally, agencies shall terminate collection activity on a debt that

## § 903.4

has been discharged in bankruptcy, regardless of the amount. Agencies may continue collection activity, however, subject to the provisions of the Bankruptcy Code, for any payments provided under a plan of reorganization. Offset and recoupment rights may survive the discharge of the debtor in bankruptcy and, under some circumstances, claims also may survive the discharge. For example, the claims of an agency that it is a known creditor of a debtor may survive a discharge if the agency did not receive formal notice of the proceedings. Agencies should seek legal advice from their agency counsel if they believe they have claims or offsets that may survive the discharge of a debtor.

### § 903.4 Exception to termination.

When a significant enforcement policy is involved, or recovery of a judgment is a prerequisite to the imposition of administrative sanctions, agencies may refer debts for litigation even though termination of collection activity may otherwise be appropriate.

### § 903.5 Discharge of indebtedness; reporting requirements.

(a) Before discharging a delinquent debt (also referred to as a close out of the debt), agencies shall take all appropriate steps to collect the debt in accordance with 31 U.S.C. 3711(g), including, as applicable, administrative offset, tax refund offset, Federal salary offset, referral to Treasury, Treasury-designated debt collection centers or private collection contractors, credit bureau reporting, wage garnishment, litigation, and foreclosure. Discharge of indebtedness is distinct from termination or suspension of collection activity under part 903 of this title and is governed by the Internal Revenue Code. When collection action on a debt is suspended or terminated, the debt remains delinquent and further collection action may be pursued at a later date in accordance with the standards set forth in this chapter. When an agency discharges a debt in full or in part, further collection action is prohibited. Therefore, agencies should make the determination that collection action is no longer warranted before discharging a debt. Before dis-

## 31 CFR Ch. IX (7-1-02 Edition)

charging a debt, agencies must terminate debt collection action.

(b) Section 3711(i), title 31, United States Code, requires agencies to sell a delinquent nontax debt upon termination of collection action if the Secretary determines such a sale is in the best interests of the United States. Since the discharge of a debt precludes any further collection action (including the sale of a delinquent debt), agencies may not discharge a debt until the requirements of 31 U.S.C. 3711(i) have been met.

(c) Upon discharge of an indebtedness, agencies must report the discharge to the IRS in accordance with the requirements of 26 U.S.C. 6050P and 26 CFR 1.6050P-1. An agency may request Treasury or Treasury-designated debt collection centers to file such a discharge report to the IRS on the agency's behalf.

(d) When discharging a debt, agencies must request that litigation counsel release any liens of record securing the debt.

## PART 904—REFERRALS TO THE DEPARTMENT OF JUSTICE

Sec.

904.1 Prompt referral.

904.2 Claims Collection Litigation Report.

904.3 Preservation of evidence.

904.4 Minimum amount of referrals to the Department of Justice.

AUTHORITY: 31 U.S.C. 3711.

SOURCE: 65 FR 70404, Nov. 22, 2000, unless otherwise noted.

### § 904.1 Prompt referral.

(a) Agencies shall promptly refer to the Department of Justice for litigation debts on which aggressive collection activity has been taken in accordance with part 901 of this chapter and that cannot be compromised, or on which collection activity cannot be suspended or terminated, in accordance with parts 902 and 903 of this chapter. Agencies may refer those debts arising out of activities of, or referred or transferred for collection services to, that agency. Debts for which the principal amount is over \$1,000,000, or such other amount as the Attorney General may direct, exclusive of interest and penalties, shall be referred to the Civil

## Federal Claims Collection Standards, Treasury

## § 904.4

Division or other division responsible for litigating such debts at the Department of Justice, Washington, D.C. Debts for which the principal amount is \$1,000,000, or less, or such other amount as the Attorney General may direct, exclusive of interest or penalties, shall be referred to the Department of Justice's Nationwide Central Intake Facility as required by the CCLR instructions. Debts should be referred as early as possible, consistent with aggressive agency collection activity and the observance of the standards contained in parts 900-904 of this chapter, and, in any event, well within the period for initiating timely lawsuits against the debtors. Agencies shall make every effort to refer delinquent debts to the Department of Justice for litigation within one year of the date such debts last became delinquent. In the case of guaranteed or insured loans, agencies should make every effort to refer these delinquent debts to the Department of Justice for litigation within one year from the date the loan was presented to the agency for payment or re-insurance.

(b) The Department of Justice has exclusive jurisdiction over the debts referred to it pursuant to this section. The referring agency shall immediately terminate the use of any administrative collection activities to collect a debt at the time of the referral of that debt to the Department of Justice. The agency should advise the Department of Justice of the collection activities which have been utilized to date, and their result. The referring agency shall refrain from having any contact with the debtor and shall direct all debtor inquiries concerning the debt to the Department of Justice. The referring agency shall immediately notify the Department of Justice of any payments credited by the agency to the debtor's account after referral of a debt under this section. The Department of Justice shall notify the referring agency, in a timely manner, of any payments it receives from the debtor.

### § 904.2 Claims Collection Litigation Report.

(a) Unless excepted by the Department of Justice, agencies shall complete the CCLR (*see* § 902.1(b) of this

chapter), accompanied by a signed Certificate of Indebtedness, to refer all administratively uncollectible claims to the Department of Justice for litigation. Referring agencies shall complete all of the sections of the CCLR appropriate to each claim as required by the CCLR instructions and furnish such other information as may be required in specific cases.

(b) Agencies shall indicate clearly on the CCLR the actions they wish the Department of Justice to take with respect to the referred claim. The CCLR permits the agency to indicate specifically any of a number of litigative activities which the Department of Justice may pursue, including enforced collection, judgment lien only, renew judgment lien only, renew judgment lien and enforce collection, program enforcement, foreclosure only, and foreclosure and deficiency judgment.

(c) Agencies also shall use the CCLR to refer claims to the Department of Justice to obtain approval of any proposals to compromise the claims or to suspend or terminate agency collection activity.

### § 904.3 Preservation of evidence.

Referring agencies must take care to preserve all files and records that may be needed by the Department of Justice to prove their claims in court. Agencies ordinarily should include certified copies of the documents that form the basis for the claim in the packages referring their claims to the Department of Justice for litigation. Agencies shall provide originals of such documents immediately upon request by the Department of Justice.

### § 904.4 Minimum amount of referrals to the Department of Justice.

(a) Agencies shall not refer for litigation claims of less than \$2,500, exclusive of interest, penalties, and administrative costs, or such other amount as the Attorney General shall from time to time prescribe. The Department of Justice shall promptly notify referring agencies if the Attorney General changes this minimum amount.

(b) Agencies shall not refer claims of less than the minimum amount unless:

**§ 904.4**

**31 CFR Ch. IX (7-1-02 Edition)**

(1) Litigation to collect such smaller claims is important to ensure compliance with the agency's policies or programs;

(2) The claim is being referred solely for the purpose of securing a judgment against the debtor, which will be filed as a lien against the debtor's property pursuant to 28 U.S.C. 3201 and returned to the referring agency for enforcement; or

(3) The debtor has the clear ability to pay the claim and the Government ef-

fectively can enforce payment, with due regard for the exemptions available to the debtor under state and Federal law and the judicial remedies available to the Government.

(c) Agencies should consult with the Financial Litigation Staff of the Executive Office for United States Attorneys in the Department of Justice prior to referring claims valued at less than the minimum amount.