Office of Foreign Assets Control, Treasury

§ 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 Vietnam, Cambodia, or South Vietnam. 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 Vietnam, Cambodia, or South Vietnam, 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;
   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, needlepoint, 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.


§ 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