

**§ 40.6302(c)-1T Deposits (temporary).**

\* \* \* \* \*

**§ 40.6302(c)-2 [Amended]**

■ **Par. 19.** Section 40.6302(c)-2, paragraph (c), is amended by removing the language “2001” and adding “2001, except that paragraph (b) of this section does not apply after December 31, 2010” in its place.

■ **Par. 20.** Section 40.6302(c)-3 is amended as follows:

- 1. The heading is revised.
- 2. Paragraph (c) is revised.
- 3. In paragraph (g), the language “2004” is removed and “2004, and except that paragraph (f)(5) of this section does not apply after December 31, 2010” is added in its place.

The revisions read as follows:

**§ 40.6302(c)-3 Deposits under chapter 33.**

\* \* \* \* \*

(c) *Time to deposit.* Under the alternative method, the deposit of tax for any semimonthly period must be made by the third business day after the seventh day of that semimonthly period. For purposes of this paragraph (c), a “business day” is any calendar day other than a Saturday, Sunday, or legal holiday. The term “legal holiday” means a legal holiday in the District of Columbia as defined in section 7503. Thus, for example, the deposit for the semimonthly period beginning on January 1, 2011 (relating to amounts billed between December 1st and December 15, 2010) is due by January 12, 2011, three business days after January 7, the seventh day of the semimonthly period. The deposit for the semimonthly period beginning on October 1, 2011 (relating to amounts billed between September 1st and September 15, 2011), is due by October 13, 2011, due to the October 10, 2011, Columbus Day holiday.

\* \* \* \* \*

**PART 301—PROCEDURE AND ADMINISTRATION**

■ **Par. 21.** The authority citation for part 301 is amended to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

■ **Par. 22.** Section 301.6302-1 is revised to read as follows:

**§ 301.6302-1 Manner or time of collection of taxes.**

(a) *Employment and excise taxes.* For provisions relating to the manner or time of collection of certain employment and excise taxes and deposits in connection with the payment thereof, see the regulations relating to the particular tax.

(b) *Income taxes.* (1) For provisions relating to the deposits of income and estimated income taxes of certain corporations, see § 1.6302-1 of this chapter (Income Tax Regulations).

(2) For provisions relating to the deposits of tax required to be withheld under chapter 3 of the Code on nonresident aliens and foreign corporations and tax-free covenant bonds, see § 1.6302-2 of this chapter.

(c) *Effective/applicability date.* This section applies to deposits and payments made after December 31, 2010.

■ **Par. 23.** Section 301.6656-1 is amended by:

- 1. Revising paragraph (b).
- 2. Revising paragraph (c).

The revisions read as follows:

**§ 301.6656-1 Abatement of penalty.**

\* \* \* \* \*

(b) *Deposit sent to Secretary.* The Secretary may abate the penalty imposed by section 6656(a) if the first time a taxpayer is required to make a deposit, the amount required to be deposited is inadvertently sent to the Secretary rather than deposited by electronic funds transfer.

(c) *Effective/applicability date.* This section applies to deposits and payments made after December 31, 2010.

**§ 301.7502-2 [Removed]**

■ **Par. 24.** Section 301.7502-2 is removed.

**Steven T. Miller,**

*Deputy Commissioner for Services and Enforcement.*

Approved: November 30, 2010.

**Michael Mundaca,**

*Assistant Secretary of the Treasury (Tax Policy).*

[FR Doc. 2010-30526 Filed 12-2-10; 11:15 am]

**BILLING CODE 4830-01-P**

**DEPARTMENT OF LABOR****Office of Labor-Management Standards****29 CFR Part 403**

RIN 1215-AB75; 1245-AA02

**Rescission of Form T-1, Trust Annual Report; Requiring Subsidiary Organization Reporting on the Form LM-2, Labor Organization Annual Report; Modifying Subsidiary Organization Reporting on the Form LM-3, Labor Organization Annual Report; LMRDA Coverage of Intermediate Labor Organizations; Final Rule**

*Correction*

In rule document 2010-29226 beginning on page 74936 in the issue of Wednesday, December 1, 2010 make the following correction:

On page 74936, in the second column, under the **DATES** section, in the second line, “January 3, 2011” should read “January 1, 2011”.

[FR Doc. C1-2010-29226 Filed 12-6-10; 8:45 am]

**BILLING CODE 1505-01-D**

**DEPARTMENT OF THE TREASURY****Office of Foreign Assets Control****31 CFR Parts 594, 595, and 597**

**Global Terrorism Sanctions Regulations; Terrorism Sanctions Regulations; Foreign Terrorist Organizations Sanctions Regulations**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Final rule.

**SUMMARY:** The Office of Foreign Assets Control (“OFAC”) of the U.S. Department of the Treasury is amending the Global Terrorism Sanctions Regulations (“GTSR”) and the Terrorism Sanctions Regulations (“TSR”) to expand the scope of authorizations in each of those programs for the provision of certain legal services. In addition, OFAC is adding new general licenses under the GTSR, the TSR, and the Foreign Terrorist Organizations Sanctions Regulations to authorize U.S. persons to receive specified types of payment for certain authorized legal services.

**DATES:** *Effective Date:* December 7, 2010.

**FOR FURTHER INFORMATION CONTACT:** Assistant Director for Compliance, Outreach & Implementation, tel.: 202/622-2490, Assistant Director for

Licensing, *tel.*: 202/622-2480, Assistant Director for Policy, *tel.*: 202/622-4855, Office of Foreign Assets Control, or Chief Counsel (Foreign Assets Control), *tel.*: 202/622-2410, Office of the General Counsel, Department of the Treasury, Washington, DC 20220 (not toll free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Electronic and Facsimile Availability

This document and additional information concerning OFAC are available from OFAC's Web site (<http://www.treas.gov/ofac>). Certain general information pertaining to OFAC's sanctions programs also is available via facsimile through a 24-hour fax-on-demand service, *tel.*: 202/622-0077.

##### Background

OFAC administers three sanctions programs with respect to terrorists and terrorist organizations. The Terrorism Sanctions Regulations, 31 CFR part 595 ("TSR"), implement Executive Order 12947 of January 23, 1995, in which the President declared a national emergency with respect to "grave acts of violence committed by foreign terrorists that disrupt the Middle East peace process." The Global Terrorism Sanctions Regulations, 31 CFR part 594 ("GTSR"), implement Executive Order 13224 of September 23, 2001, in which the President declared an emergency more generally with respect to "grave acts of terrorism and threats of terrorism committed by foreign terrorists." The Foreign Terrorist Organizations Sanctions Regulations, 31 CFR part 597 ("FTOSR"), implement provisions of the Antiterrorism and Effective Death Penalty Act of 1996.

OFAC is revising sections in the GTSR and the TSR that authorize the provision of certain legal services to expand the scope of authorized services. In addition, OFAC is adding a new section to the GTSR, TSR, and FTOSR authorizing U.S. persons to receive specified types of payment for certain authorized legal services. Section 594.506 of the GTSR and section 595.506 of the TSR authorize U.S. persons to provide certain authorized legal services to or on behalf of persons whose property and interests in property are blocked under those regulations, provided that any payment of professional fees and reimbursement of incurred expenses must be specifically licensed. OFAC is expanding the scope of these general licenses by adding to the authorized legal services the initiation and conduct of legal, arbitration, or administrative

proceedings before any U.S. federal, state, or local court or agency for or on behalf of persons whose property and interests in property are blocked under the GTSR or TSR.

The FTOSR prohibit financial transactions involving assets, within the possession or control of U.S. financial institutions, in which a designated foreign terrorist organization or its agent has an interest. While the FTOSR, therefore, do not prohibit U.S. persons from providing legal services to designated foreign terrorist organizations or agents thereof, any payment for such services through a U.S. financial institution is prohibited. Section 597.505 of the FTOSR provides that OFAC may issue specific licenses, on a case-by-case basis, authorizing the receipt of payment of professional fees and reimbursement of incurred expenses through a U.S. financial institution for certain legal services provided by U.S. persons to designated foreign terrorist organizations or agents thereof.

In specific licenses it has issued for payment of U.S. persons for professional services rendered and reimbursement of expenses incurred in connection with authorized legal services provided on behalf of blocked persons, OFAC has authorized several payment mechanisms. First, OFAC has issued specific licenses authorizing payment of fees and reimbursement of expenses where the funds used for such payment or reimbursement originate outside the United States and do not come from a U.S. person or any person, other than the person on whose behalf the authorized legal services are provided, whose property and interests in property are blocked. Second, OFAC has issued specific licenses authorizing the establishment of legal defense funds that collect donations from persons who are neither designated nor blocked to pay legal fees and reimburse expenses incurred in connection with authorized legal services rendered on behalf of blocked persons. With this rule, OFAC incorporates these mechanisms for payment into general licenses by adding new section 594.517 to the GTSR, new section 595.515 to the TSR, and new section 597.513 to the FTOSR. These new sections authorize payments from funds originating outside the United States in connection with certain authorized legal services rendered to or on behalf of designated persons, as well as the formation of legal defense funds to gather donations and dispense funds in connection with payments for such legal services.

In addition to the payment mechanisms discussed above, OFAC

may issue specific licenses authorizing the release of a limited amount of blocked funds for the payment of legal fees and expenses incurred in seeking administrative reconsideration or judicial review of the designation of a U.S. person or the blocking of the property and interests in property of a U.S. person where alternative funding sources are not available. For more information on this third mechanism for payment, see OFAC's *Guidance on the Release of Limited Amounts of Blocked Funds for Payment of Legal Fees and Costs Incurred in Challenging the Blocking of U.S. Persons in Administrative or Civil Proceedings*, which is available at: [http://www.treas.gov/resource-center/sanctions/Documents/legal\\_fee\\_guide.pdf](http://www.treas.gov/resource-center/sanctions/Documents/legal_fee_guide.pdf).

##### Public Participation

Because these amendments to 31 CFR parts 594, 595, and 597 involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

##### Paperwork Reduction Act

The collections of information related to 31 CFR parts 594, 595, and 597 are contained in 31 CFR part 501 (the "Reporting, Procedures and Penalties Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget under 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 the collection of information displays a valid control number.

##### List of Subjects

###### 31 CFR Part 594

Administrative practice and procedure, Banks, Banking, Currency, Foreign investments in United States, Penalties, Reporting and recordkeeping requirements, Securities, Terrorism.

###### 31 CFR Part 595

Administrative practice and procedure, Banks, Banking, Currency, Foreign investments in United States, Penalties, Reporting and recordkeeping requirements, Securities, Terrorism.

## 31 CFR Part 597

Administrative practice and procedure, Banks, Banking, Currency, Foreign investments in United States, Penalties, Reporting and recordkeeping requirements, Securities, Terrorism.

■ For the reasons set forth in the preamble, the Office of Foreign Assets Control amends 31 CFR parts 594, 595, and 597 as follows:

### PART 594—GLOBAL TERRORISM SANCTIONS REGULATIONS

■ 1. The authority citation for part 594 continues to read as follows:

**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); Pub. L. 110–96, 121 Stat. 1011; E.O. 13224, 66 FR 49079, 3 CFR, 2001 Comp., p. 786; E.O. 13268, 67 FR 44751, 3 CFR, 2002 Comp., p. 240; E.O. 13284, 68 FR 4075, 3 CFR, 2003 Comp., p. 161.

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

■ 2. Amend § 594.506 by revising the introductory text of paragraph (a), redesignating existing paragraphs (b) and (c) as paragraphs (c) and (d), respectively, and adding new paragraph (b) to read as follows:

#### § 594.506 Provision of certain legal services authorized.

(a) The provision of the following legal services to or on behalf of persons whose property and interests in property are blocked pursuant to § 594.201(a) is authorized, provided that all receipts of payment of professional fees and reimbursement of incurred expenses must be specifically licensed or otherwise authorized pursuant to this part:

\* \* \* \* \*

(b) The provision of legal services not otherwise authorized by paragraph (a) of this section to or on behalf of persons whose property and interests in property are blocked pursuant to § 594.201(a) in connection with the initiation and conduct of legal, arbitration, or administrative proceedings before any U.S. federal, state, or local court or agency is authorized, provided that all receipts of payment of professional fees and reimbursement of incurred expenses must be specifically licensed.

\* \* \* \* \*

■ 3. Add new § 594.517 to subpart E to read as follows:

#### § 594.517 Payments from funds originating outside the United States and the formation of legal defense funds authorized.

(a) *Payments from funds originating outside the United States.* Effective December 7, 2010, receipts of payment of professional fees and reimbursement of incurred expenses for the provision of legal services authorized pursuant to § 594.506(a) are authorized from funds originating outside the United States, provided that:

(1) Prior to receiving payment for legal services authorized pursuant to § 594.506(a) rendered to persons whose property and interests in property are blocked pursuant to § 594.201(a), the U.S. person that is an attorney, law firm, or legal services organization provides to the Office of Foreign Assets Control a copy of a letter of engagement or a letter of intent to engage specifying the services to be performed and signed by the individual to whom such services are to be provided or, where services are to be provided to an entity, by a legal representative of the entity. The copy of a letter of engagement or a letter of intent to engage, accompanied by correspondence referencing this paragraph (a), is to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220;

(2) The funds received by U.S. persons as payment of professional fees and reimbursement of incurred expenses for the provision of legal services authorized pursuant to § 594.506(a) must not originate from:

- (i) A source within the United States;
- (ii) Any source, wherever located, within the possession or control of a U.S. person; or
- (iii) Any individual or entity, other than the person on whose behalf the legal services authorized pursuant to § 594.506(a) are to be provided, whose property and interests in property are blocked pursuant to any part of this chapter or any Executive order;

**Note to paragraph (a)(2) of § 594.517:** This paragraph authorizes the blocked person on whose behalf the legal services authorized pursuant to § 594.506(a) are to be provided to make payments for authorized legal services using funds originating outside the United States that were not previously blocked. Nothing in this paragraph authorizes payments for legal services using funds in which any other person whose property and interests in property are blocked pursuant to § 594.201(a) or any other part of this chapter holds an interest.

(3) Reports. (i) U.S. persons who receive payments in connection with legal services authorized pursuant to § 594.506(a) must submit quarterly

reports no later than 30 days following the end of the calendar quarter during which the payments were received providing information on the funds received. Such reports shall specify:

(A) The individual or entity from whom the funds originated and the amount of funds received; and

(B) If applicable:

(1) The names of any individuals or entities providing related services to the U.S. person receiving payment in connection with authorized legal services, such as private investigators or expert witnesses;

(2) A general description of the services provided; and

(3) The amount of funds paid in connection with such services.

(ii) In the event that no transactions occur or no funds are received during the reporting period, a statement is to be filed to that effect.

(iii) Reports, which must reference this paragraph (a), are to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220; and

**Note to paragraph (a)(3) of § 594.517:** U.S. persons who receive payments in connection with legal services authorized pursuant to § 594.506(a) do not need to obtain specific authorization to contract for related services that are ordinarily incident to the provision of those legal services, such as those provided by private investigators or expert witnesses, or to pay for such services. Additionally, U.S. persons do not need to obtain specific authorization to provide related services that are ordinarily incident to the provision of legal services authorized pursuant to § 594.506(a).

(4) Nothing in this paragraph (a) authorizes the receipt of payment of professional fees or reimbursement of incurred expenses for the provision of legal services authorized pursuant to § 594.506(b).

**Note 1 to paragraph (a) of § 594.517:** Any payment authorized in or pursuant to this paragraph that is routed through the U.S. financial system should reference this paragraph (a) to avoid the blocking of the transfer.

**Note 2 to paragraph (a) of § 594.517:** Nothing in this paragraph authorizes the transfer of any blocked property, the debiting of any blocked account, the entry of any judgment or order that effects a transfer of blocked property, or the execution of any judgment against property blocked pursuant to any Executive order or this Chapter. U.S. persons seeking administrative reconsideration or judicial review of their designation or the blocking of their property and interests in property may apply for a specific license from the Office of Foreign Assets Control to authorize the release of a

limited amount of blocked funds for the payment of legal fees where alternative funding sources are not available. For more information, see OFAC's *Guidance on the Release of Limited Amounts of Blocked Funds for Payment of Legal Fees and Costs Incurred in Challenging the Blocking of U.S. Persons in Administrative or Civil Proceedings*, which is available at: [http://www.treas.gov/resource-center/sanctions/Documents/legal\\_fee\\_guide.pdf](http://www.treas.gov/resource-center/sanctions/Documents/legal_fee_guide.pdf).

(b) *Legal defense funds.* Effective December 7, 2010, U.S. persons that are attorneys, law firms, or legal services organizations are authorized to form legal defense funds from which payments of professional fees and reimbursement for expenses incurred in connection with the provision of legal services authorized pursuant to § 594.506(a) may be debited provided that:

(1) The legal defense fund must be held in a savings or checking account at a financial institution located in the United States;

(2) Prior to debiting the legal defense fund, the U.S. person responsible for establishing the legal defense fund must submit the following information to the Office of Foreign Assets Control: A copy of a letter of engagement or a letter of intent to engage specifying the services to be performed and signed by the individual to whom such services are to be provided or, where services are to be provided to an entity, by a legal representative of the entity; the name of the individual or entity responsible for establishing the legal defense fund; the name of the financial institution at which the account for the legal defense fund will be held; a point of contact at the financial institution holding the account for the legal defense fund; and the account name and account number for the legal defense fund. The foregoing information must be accompanied by correspondence referencing this paragraph (b) and is to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220;

(3) The legal defense fund may not receive funds from a person whose property and interests in property are blocked pursuant to § 594.201(a) or any other part of this chapter;

(4) The U.S. person responsible for establishing the legal defense fund must notify the financial institution at which the account for the legal defense fund is held that the account may only be debited to make payments of professional fees and reimbursement expenses incurred in connection with the provision of legal services authorized pursuant to § 594.506(a);

(5) Reports. (i) U.S. persons responsible for establishing legal defense funds from which payments of professional fees and reimbursement for expenses incurred in connection with the provision of legal services authorized pursuant to § 594.506(a) may be debited must submit quarterly reports no later than 30 days following the end of the calendar quarter during which the funds were deposited with or debited from the account of the legal defense fund providing information on the funds received by the legal defense fund and debits made to the legal defense fund during the reporting period. Such reports shall specify:

(A) The individual or entity from whom the funds originated and the amount of funds received; and

(B) Any individual or entity to whom any payments were made, including, if applicable:

(1) The names of any individuals or entities providing related services to the U.S. person receiving payment in connection with authorized legal services, such as private investigators or expert witnesses;

(2) A general description of the services provided; and

(3) The amount of funds paid in connection with such services.

(ii) In the event that no transactions occur or no funds are received during the reporting period, a statement is to be filed to that effect.

(iii) Reports, which must reference this paragraph (b), are to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220; and

**Note to paragraph (b)(5) of § 594.517:** U.S. persons who receive payments in connection with legal services authorized pursuant to § 594.506(a) do not need to obtain specific authorization to contract for related services that are ordinarily incident to the provision of those legal services, such as those provided by private investigators or expert witnesses, or to pay for such services. Additionally, U.S. persons do not need to obtain specific authorization to provide related services that are ordinarily incident to the provision of legal services authorized pursuant to § 594.506(a).

(6) Nothing in this paragraph (b) authorizes the formation or debiting of legal defense funds in connection with the provision of legal services authorized pursuant to § 594.506(b).

**Note 1 to paragraph (b) of § 594.517:** Any payment authorized in or pursuant to this paragraph that is routed through the U.S. financial system should reference this paragraph (b) to avoid the blocking of the transfer.

**Note 2 to paragraph (b) of § 594.517:** Any funds remaining in a legal defense fund account after all payments of professional fees and reimbursement of incurred expenses authorized pursuant to this paragraph have been made or upon termination of the legal services for which payment is authorized pursuant to this paragraph are property in which the person to or on whose behalf the legal services were rendered has an interest and is subject to the prohibitions of this part. Persons in the possession or control of such remaining funds may apply for the unblocking of the funds by following the procedures set forth at § 501.801 of this chapter.

## PART 595—TERRORISM SANCTIONS REGULATIONS

■ 4. The authority citation for part 595 continues to read as follows:

**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); Pub. L. 110–96, 121 Stat. 1011; E.O. 12947, 60 FR 5079, 3 CFR, 1995 Comp., p. 319; E.O. 13099, 63 FR 45167, 3 CFR, 1998 Comp., p. 208.

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

■ 5. Amend § 595.506 by revising the introductory text of paragraph (a), redesignating existing paragraphs (b) and (c) as paragraphs (c) and (d), respectively, and adding new paragraph (b) to read as follows:

#### § 595.506 Provision of certain legal services authorized.

(a) The provision of the following legal services to or on behalf of persons whose property and interests in property are blocked pursuant to § 595.201(a) is authorized, provided that all receipts of payment of professional fees and reimbursement of incurred expenses must be specifically licensed or otherwise authorized pursuant to this part:

\* \* \* \* \*

(b) The provision of legal services not otherwise authorized by paragraph (a) of this section to or on behalf of persons whose property and interests in property are blocked pursuant to § 595.201(a) in connection with the initiation and conduct of legal, arbitration, or administrative proceedings before any U.S. federal, state, or local court or agency is authorized, provided that all receipts of payment of professional fees and reimbursement of incurred expenses must be specifically licensed.

■ 6. Add new § 595.515 to subpart E to read as follows:

**§ 595.515 Payments from funds originating outside the United States and the formation of legal defense funds authorized.**

(a) *Payments from funds originating outside the United States.* Effective December 7, 2010, receipts of payment of professional fees and reimbursement of incurred expenses for the provision of legal services authorized pursuant to § 595.506(a) are authorized from funds originating outside the United States, provided that:

(1) Prior to receiving payment for legal services authorized pursuant to § 595.506(a) rendered to persons whose property and interests in property are blocked pursuant to § 595.201(a), the U.S. person that is an attorney, law firm, or legal services organization provides to the Office of Foreign Assets Control a copy of a letter of engagement or a letter of intent to engage specifying the services to be performed and signed by the individual to whom such services are to be provided or, where services are to be provided to an entity, by a legal representative of the entity. The copy of a letter of engagement or a letter of intent to engage, accompanied by correspondence referencing this paragraph (a), is to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220;

(2) The funds received by U.S. persons as payment of professional fees and reimbursement of incurred expenses for the provision of legal services authorized pursuant to § 595.506(a) must not originate from:

- (i) A source within the United States;
- (ii) Any source, wherever located, within the possession or control of a U.S. person; or
- (iii) Any individual or entity, other than the person on whose behalf the legal services authorized pursuant to § 595.506(a) are to be provided, whose property and interests in property are blocked pursuant to any part of this chapter or any Executive order;

**Note to paragraph (a)(2) of § 595.515:** This paragraph authorizes the blocked person on whose behalf the legal services authorized pursuant to § 595.506(a) are to be provided to make payments for authorized legal services using funds originating outside the United States that were not previously blocked. Nothing in this paragraph authorizes payments for legal services using funds in which any other person whose property and interests in property are blocked pursuant to § 595.201(a) or any other part of this chapter holds an interest.

(3) Reports. (i) U.S. persons who receive payments in connection with legal services authorized pursuant to § 595.506(a) must submit quarterly

reports no later than 30 days following the end of the calendar quarter during which the payments were received providing information on the funds received. Such reports shall specify:

(A) The individual or entity from whom the funds originated and the amount of funds received; and

(B) If applicable:

(1) The names of any individuals or entities providing related services to the U.S. person receiving payment in connection with authorized legal services, such as private investigators or expert witnesses;

(2) A general description of the services provided; and

(3) The amount of funds paid in connection with such services.

(ii) In the event that no transactions occur or no funds are received during the reporting period, a statement is to be filed to that effect.

(iii) Reports, which must reference this paragraph (a), are to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220; and

**Note to paragraph (a)(3) of § 595.515:** U.S. persons who receive payments in connection with legal services authorized pursuant to § 595.506(a) do not need to obtain specific authorization to contract for related services that are ordinarily incident to the provision of those legal services, such as those provided by private investigators or expert witnesses, or to pay for such services. Additionally, U.S. persons do not need to obtain specific authorization to provide related services that are ordinarily incident to the provision of legal services authorized pursuant to § 595.506(a).

(4) Nothing in this paragraph (a) authorizes the receipt of payment of professional fees or reimbursement of incurred expenses for the provision of legal services authorized pursuant to § 595.506(b).

**Note 1 to paragraph (a) of § 595.515:** Any payment authorized in or pursuant to this paragraph that is routed through the U.S. financial system should reference this paragraph § 595.515(a) to avoid the blocking of the transfer.

**Note 2 to paragraph (a) of § 595.515:** Nothing in this paragraph authorizes the transfer of any blocked property, the debiting of any blocked account, the entry of any judgment or order that effects a transfer of blocked property, or the execution of any judgment against property blocked pursuant to any Executive order or this Chapter. U.S. persons seeking administrative reconsideration or judicial review of their designation or the blocking of their property and interests in property may apply for a specific license from the Office of Foreign Assets Control to authorize the release of a

limited amount of blocked funds for the payment of legal fees where alternative funding sources are not available. For more information, see OFAC's *Guidance on the Release of Limited Amounts of Blocked Funds for Payment of Legal Fees and Costs Incurred in Challenging the Blocking of U.S. Persons in Administrative or Civil Proceedings*, which is available at: [http://www.treas.gov/resource-center/sanctions/Documents/legal\\_fee\\_guide.pdf](http://www.treas.gov/resource-center/sanctions/Documents/legal_fee_guide.pdf).

(b) *Legal defense funds.* Effective December 7, 2010, U.S. persons that are attorneys, law firms, or legal services organizations are authorized to form legal defense funds from which payments of professional fees and reimbursement for expenses incurred in connection with the provision of legal services authorized pursuant to § 595.506(a) may be debited provided that:

(1) The legal defense fund must be held in a savings or checking account at a financial institution located in the United States;

(2) Prior to debiting the legal defense fund, the U.S. person responsible for establishing the legal defense fund must submit the following information to the Office of Foreign Assets Control: a copy of a letter of engagement or a letter of intent to engage specifying the services to be performed and signed by the individual to whom such services are to be provided or, where services are to be provided to an entity, by a legal representative of the entity; the name of the individual or entity responsible for establishing the legal defense fund; the name of the financial institution at which the account for the legal defense fund will be held; a point of contact at the financial institution holding the account for the legal defense fund; and the account name and account number for the legal defense fund. The foregoing information must be accompanied by correspondence referencing this paragraph § 595.515(b) and is to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220;

(3) The legal defense fund may not receive funds from a person whose property and interests in property are blocked pursuant to § 595.201(a) or any other part of this chapter;

(4) The U.S. person responsible for establishing the legal defense fund must notify the financial institution at which the account for the legal defense fund is held that the account may only be debited to make payments of professional fees and reimbursement expenses incurred in connection with the provision of legal services authorized pursuant to § 595.506(a);

(5) Reports. (i) U.S. persons responsible for establishing legal defense funds from which payments of professional fees and reimbursement for expenses incurred in connection with the provision of legal services authorized pursuant to § 595.506(a) may be debited must submit quarterly reports no later than 30 days following the end of the calendar quarter during which the funds were deposited with or debited from the account of the legal defense fund providing information on the funds received by the legal defense fund and debits made to the legal defense fund during the reporting period. Such reports shall specify:

(A) The individual or entity from whom the funds originated and the amount of funds received; and

(B) Any individual or entity to whom any payments were made, including, if applicable:

(1) The names of any individuals or entities providing related services to the U.S. person receiving payment in connection with authorized legal services, such as private investigators or expert witnesses;

(2) A general description of the services provided; and

(3) The amount of funds paid in connection with such services.

(ii) In the event that no transactions occur or no funds are received during the reporting period, a statement is to be filed to that effect.

(iii) Reports, which must reference this paragraph (b), are to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220; and

**Note to paragraph (b)(5) of § 595.515:** U.S. persons who receive payments in connection with legal services authorized pursuant to § 595.506(a) do not need to obtain specific authorization to contract for related services that are ordinarily incident to the provision of those legal services, such as those provided by private investigators or expert witnesses, or to pay for such services. Additionally, U.S. persons do not need to obtain specific authorization to provide related services that are ordinarily incident to the provision of legal services authorized pursuant to § 595.506(a).

(6) Nothing in this paragraph (b) authorizes the formation or debiting of legal defense funds in connection with the provision of legal services authorized pursuant to § 595.506(b).

**Note 1 to paragraph (b) of § 595.515:** Any payment authorized in or pursuant to this paragraph that is routed through the U.S. financial system should reference this paragraph § 595.515(b) to avoid the blocking of the transfer.

**Note 2 to paragraph (b) of § 595.515:** Any funds remaining in a legal defense fund account after all payments of professional fees and reimbursement of incurred expenses authorized pursuant to this paragraph have been made or upon termination of the legal services for which payment is authorized pursuant to this paragraph are property in which the person to or on whose behalf the legal services were rendered has an interest and is subject to the prohibitions of this part. Persons in the possession or control of such remaining funds may apply for the unblocking of the funds by following the procedures set forth at § 501.801 of this chapter.

## PART 597—FOREIGN TERRORIST ORGANIZATIONS SANCTIONS REGULATIONS

■ 7. The authority citation for part 597 continues to read as follows:

**Authority:** 31 U.S.C. 321(b); Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 104-132, 110 Stat. 1214, 1248-53 (8 U.S.C. 1189, 18 U.S.C. 2339B).

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

■ 8. Amend § 597.505 by revising the introductory text and adding a new note to the section to read as follows:

#### § 597.505 Payment for certain legal services.

Except as otherwise authorized, 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 the following legal services by U.S. persons:

\* \* \* \* \*

**Note to § 597.505:** See § 597.513 of this part for authorized mechanisms for payment through a U.S. financial institution of professional fees and reimbursement of incurred expenses for legal services specified in this section provided by a U.S. person to or on behalf of a foreign terrorist organization or an agent thereof.

■ 9. Add new § 597.513 to subpart E to read as follows:

#### § 597.513 Payments from funds originating outside the United States and the formation of legal defense funds authorized.

(a) *Payments from funds originating outside the United States.* Effective December 7, 2010, receipts of payment through a U.S. financial institution of professional fees and reimbursement of incurred expenses for the provision of legal services specified in § 597.505 are authorized from funds originating outside the United States, provided that:

(1) Prior to receiving payment through a U.S. financial institution for legal

services specified in § 597.505 rendered to a foreign terrorist organization or agent thereof, the U.S. person that is an attorney, law firm, or legal services organization provides to the Office of Foreign Assets Control a copy of a letter of engagement or a letter of intent to engage specifying the services to be performed and signed by the individual to whom such services are to be provided or, where services are to be provided to an entity, by a legal representative of the entity. The copy of a letter of engagement or a letter of intent to engage, accompanied by correspondence referencing this paragraph § 597.513(a), is to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220;

(2) The funds received by U.S. persons through a U.S. financial institution as payment of professional fees and reimbursement of incurred expenses for the provision of legal services specified in § 597.505 must not originate from:

(i) A source within the United States;

(ii) Any source, wherever located, within the possession or control of a U.S. person; or

(iii) Any individual or entity, other than the person on whose behalf the legal services specified in § 597.505 are to be provided, whose property and interests in property are blocked pursuant to any part of this chapter or any Executive order;

**Note to paragraph (a)(2) of § 597.513:** This paragraph authorizes the person on whose behalf the legal services specified in § 597.505 are to be provided to make payments for specified legal services using funds originating outside the United States that were not previously blocked. Nothing in this paragraph authorizes payments for legal services using funds in which any other person whose assets and funds are subject to the prohibitions in § 597.201(a) or whose property and interests in property are blocked pursuant to any other part of this chapter holds an interest.

(3) Reports. (i) U.S. persons who receive payments in connection with legal services specified in § 597.505 must submit quarterly reports no later than 30 days following the end of the calendar quarter during which the payments were received providing information on the funds received. Such reports shall specify:

(A) The individual or entity from whom the funds originated and the amount of funds received; and

(B) If applicable:

(1) The names of any individuals or entities providing related services to the U.S. person receiving payment in

connection with specified legal services, such as private investigators or expert witnesses;

(2) A general description of the services provided; and

(3) The amount of funds paid in connection with such services.

(ii) In the event that no transactions occur or no funds are received during the reporting period, a statement is to be filed to that effect.

(iii) Reports, which must reference this paragraph (a), are to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220; and

**Note to paragraph (a)(3) of § 597.513:** U.S. persons who receive payments in connection with legal services specified in § 597.505 do not need to obtain specific authorization to make payments through a U.S. financial institution for related services that are ordinarily incident to the provision of those legal services, such as those provided by private investigators or expert witnesses.

(4) Nothing in this paragraph (a) authorizes the receipt of payment through a U.S. financial institution of professional fees or reimbursement of incurred expenses for the provision of legal services not specified in § 597.505.

**Note 1 to paragraph (a) of § 597.513:** Any payment authorized in or pursuant to this paragraph that is routed through the U.S. financial system should reference this paragraph (a) to avoid the blocking of the transfer.

**Note 2 to paragraph (a) of § 597.513:** Nothing in this paragraph authorizes the transfer of any blocked property, the debiting of any blocked account, the entry of any judgment or order that effects a transfer of blocked property, or the execution of any judgment against property blocked pursuant to any Executive order or this chapter. U.S. persons seeking administrative reconsideration or judicial review of their designation or the blocking of their property and interests in property may apply for a specific license from the Office of Foreign Assets Control to authorize the release of a limited amount of blocked funds for the payment of legal fees where alternative funding sources are not available. For more information, see OFAC's *Guidance on the Release of Limited Amounts of Blocked Funds for Payment of Legal Fees and Costs Incurred in Challenging the Blocking of U.S. Persons in Administrative or Civil Proceedings*, which is available at: [http://www.treas.gov/resource-center/sanctions/Documents/legal\\_fee\\_guide.pdf](http://www.treas.gov/resource-center/sanctions/Documents/legal_fee_guide.pdf).

(b) *Legal defense funds.* Effective December 7, 2010, U.S. persons that are attorneys, law firms, or legal services organizations are authorized to form legal defense funds from which payments of professional fees and

reimbursement for expenses incurred in connection with the provision of legal services specified in § 597.505 may be debited provided that:

(1) The legal defense fund must be held in a savings or checking account at a financial institution located in the United States;

(2) Prior to debiting the legal defense fund, the U.S. person responsible for establishing the legal defense fund must submit the following information to the Office of Foreign Assets Control: A copy of a letter of engagement or a letter of intent to engage specifying the services to be performed and signed by the individual to whom such services are to be provided or, where services are to be provided to an entity, by a legal representative of the entity; the name of the individual or entity responsible for establishing the legal defense fund; the name of the financial institution at which the account for the legal defense fund will be held; a point of contact at the financial institution holding the account for the legal defense fund; and the account name and account number for the legal defense fund. The foregoing information must be accompanied by correspondence referencing this paragraph (b) and is to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220;

(3) The legal defense fund may not receive funds from a person whose assets and funds are subject to the prohibitions in § 597.201(a) or whose property and interests in property are blocked pursuant to any other part of this chapter;

(4) The U.S. person responsible for establishing the legal defense fund must notify the financial institution at which the account for the legal defense fund is held that the account may only be debited to make payments of professional fees and reimburse expenses incurred in connection with the provision of legal services specified in § 597.505;

(5) Reports. (i) U.S. persons responsible for establishing legal defense funds from which payments of professional fees and reimbursement for expenses incurred in connection with the provision of legal services specified in § 597.505 may be debited must submit quarterly reports no later than 30 days following the end of the calendar quarter during which the funds were deposited with or debited from the account of the legal defense fund providing information on the funds received by the legal defense fund and debits made to the legal defense fund

during the reporting period. Such reports shall specify:

(A) The individual or entity from whom the funds originated and the amount of funds received; and

(B) Any individual or entity to whom any payments were made, including, if applicable:

(1) The names of any individuals or entities providing related services to the U.S. person receiving payment in connection with specified legal services, such as private investigators or expert witnesses;

(2) A general description of the services provided; and

(3) The amount of funds paid in connection with such services.

(ii) In the event that no transactions occur or no funds are received during the reporting period, a statement is to be filed to that effect.

(iii) Reports, which must reference this paragraph (b), are to be mailed to: Licensing Division, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW., Annex, Washington, DC 20220; and

**Note to paragraph (b)(5) of § 597.513:** U.S. persons who receive payments in connection with legal services specified in § 597.505 do not need to obtain specific authorization to make payments through a U.S. financial institution for related services that are ordinarily incident to the provision of those legal services, such as those provided by private investigators or expert witnesses.

(6) Nothing in this paragraph (b) authorizes the formation or debiting of legal defense funds in connection with the provision of legal services not specified in § 597.505.

**Note 1 to paragraph (b) of § 597.513:** Any payment authorized in or pursuant to this paragraph that is routed through the U.S. financial system should reference this paragraph (b) to avoid the blocking of the transfer.

**Note 2 to paragraph (b) of § 597.513:** Any funds remaining in a legal defense fund account after all payments of professional fees and reimbursement of incurred expenses authorized pursuant to this paragraph have been made or upon termination of the legal services for which payment is authorized pursuant to this paragraph are deemed to be funds of the foreign terrorist organization or agent thereof to or on whose behalf the legal services were rendered and subject to the prohibitions of this part. U.S. financial institutions in the possession or control of such remaining funds may apply for the unblocking of the funds by following the procedures set forth at § 501.801 of this chapter.

Dated: December 1, 2010.

Adam J. Szubin,

Director, Office of Foreign Assets Control.

[FR Doc. 2010-30520 Filed 12-6-10; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Railroad Administration

#### 49 CFR Part 225

[FRA-2008-0136, Notice No. 3]

RIN 2130-ZA04

#### Adjustment of Monetary Threshold for Reporting Rail Equipment Accidents/Incidents for Calendar Year 2011

**AGENCY:** Federal Railroad Administration (FRA), Department of Transportation (DOT).

**ACTION:** Final rule.

**SUMMARY:** This rule increases the rail equipment accident/incident reporting threshold from \$9,200 to \$9,400 for certain railroad accidents/incidents involving property damage that occur during calendar year 2011. This action is needed to ensure that FRA's reporting requirements reflect cost increases that have occurred since the reporting threshold was last computed in December of 2009.

**DATES:** This regulation is effective January 1, 2011.

**FOR FURTHER INFORMATION CONTACT:** Arnel B. Rivera, Staff Director, U.S. Department of Transportation, Federal Railroad Administration, Office of Safety Analysis, RRS-22, Mail Stop 25, West Building 3rd Floor, Room W33-306, 1200 New Jersey Ave., SE., Washington, DC 20590 (telephone 202-493-1331); or Gahan Christenson, Trial Attorney, U.S. Department of Transportation, Federal Railroad Administration, Office of Chief Counsel, RCC-10, Mail Stop 10, West Building 3rd Floor, Room W31-204, 1200 New Jersey Ave., SE., Washington, DC 20590 (telephone 202-493-1381).

#### SUPPLEMENTARY INFORMATION:

##### Background

A "rail equipment accident/incident" is a collision, derailment, fire, explosion, act of God, or other event involving the operation of railroad on-track equipment (standing or moving) that results in damages to railroad on-track equipment, signals, tracks, track structures, or roadbed, including labor costs and the costs for acquiring new equipment and material, greater than the reporting threshold for the year in which the event occurs. 49 CFR 225.19(c). Each rail equipment accident/incident must be reported to FRA using

the Rail Equipment Accident/Incident Report (Form FRA F 6180.54). 49 CFR 225.19(b) and (c). As revised, effective in 1997, paragraphs (c) and (e) of 49 CFR 225.19 provide that the dollar figure that constitutes the reporting threshold for rail equipment accidents/incidents will be adjusted, if necessary, every year in accordance with the procedures outlined in appendix B to part 225 to reflect any cost increases or decreases.

##### New Reporting Threshold

Approximately one year has passed since the rail equipment accident/incident reporting threshold was revised. 74 FR 65458 (December 10, 2009). Consequently, FRA has recalculated the threshold, as required by § 225.19(c), based on increased costs for labor and increased costs for equipment. FRA has determined that the current reporting threshold of \$9,200, which applies to rail equipment accidents/incidents that occur during calendar year 2010, should increase by \$200 to \$9,400 for equipment accidents/incidents occurring during calendar year 2011, effective January 1, 2011. The specific inputs to the equation set forth in appendix B (i.e.,  $T_{new} = T_{prior} * [1 + 0.4(W_{new} - W_{prior})/W_{prior} + 0.6(E_{new} - E_{prior})/100]$ ) to part 225 are:

Tprior	Wnew	Wprior	Enew	Eprior
\$9,200	\$24.73606	\$24.04379	184.56666	182.03333

Where:  $T_{new}$  = New threshold;  $T_{prior}$  = Prior threshold (with reference to the threshold, "prior" refers to the previous threshold rounded to the nearest \$100, as reported in the **Federal Register**);  $W_{new}$  = New average hourly wage rate, in dollars;  $W_{prior}$  = Prior average hourly wage rate, in dollars;  $E_{new}$  = New equipment average PPI value;  $E_{prior}$  = Prior equipment average PPI value. Using the above figures, the calculated new threshold, ( $T_{new}$ ) is \$9,445.80, which is rounded to the nearest \$100 for a final new reporting threshold of \$9,400.

#### Notice and Comment Procedures and Effective Date

In this rule, FRA has recalculated the monetary reporting threshold based on the formula discussed in detail and adopted, after notice and comment, in the final rule published December 20, 2005, 70 FR 75414. FRA has found that both the current cost data inserted into this pre-existing formula and the original cost data that they replace were

obtained from reliable Federal government sources. FRA has found that this rule imposes no additional burden on any person, but rather provides a benefit by permitting the valid comparison of accident data over time. Accordingly, finding that notice and comment procedures are either impracticable, unnecessary, or contrary to the public interest, FRA is proceeding directly to the final rule.

FRA regularly recalculates the monetary reporting threshold using a pre-existing formula near the end of each calendar year. Therefore, any person affected by this rule anticipates the on-going adjustment of the threshold and has reasonable time to make any minor changes necessary to come into compliance with the regulations. FRA attempts to use the most recent data available to calculate the updated reporting threshold prior to the next calendar year. FRA has found that issuing the rule in December of each calendar year and making the rule effective on January 1, of the next year,

allows FRA to use the most up-to-date data when calculating the reporting threshold and to compile data that accurately reflects rising wages and equipment costs. As such, FRA has found that it has good cause to make the effective date January 1, 2011.

#### Regulatory Impact

##### Executive Order 12866 and DOT Regulatory Policies and Procedures

This rule has been evaluated in accordance with existing policies and procedures, and determined to be non-significant under both Executive Order 12866 and DOT policies and procedures (44 FR 11034 (Feb. 26, 1979)).

##### Regulatory Flexibility Act

The Regulatory Flexibility Act of 1980 (5 U.S.C. 601-612) requires a review of proposed and final rules to assess their impact on small entities, unless the Secretary certifies that the rule will not have a significant economic impact on a substantial number of small entities. Pursuant to Section 312 of the Small