

**PART 576—IRAQ STABILIZATION  
AND INSURGENCY SANCTIONS  
REGULATIONS**

**Subpart A—Relation of This Part to Other  
Laws and Regulations**

Sec.  
576.101 Relation of this part to other laws and regulations.

**Subpart B—Prohibitions**

576.201 Prohibited transactions involving blocked property.  
576.202 Effect of transfers violating the provisions of this part.  
576.203 Holding of funds in interest-bearing accounts; investment and reinvestment.  
576.204 Expenses of maintaining blocked physical property; liquidation of blocked property.  
576.205 Evasions; attempts; conspiracies.  
576.207 Exemption for property controlled by the military forces of the United States and their coalition partners in Iraq.  
576.208 Prohibited transactions related to certain Iraqi cultural property.  
576.209 Exempt transactions.

**Subpart C—General Definitions**

576.301 Blocked account; blocked property.  
576.302 Development Fund for Iraq.  
576.303 Effective date.  
576.304 Entity.  
576.305 Former Iraqi regime.  
576.306 Information or informational materials.  
576.307 Interest.  
576.309 Licenses; general and specific.  
576.310 Government of Iraq.  
576.311 Person.  
576.312 Property; property interest.  
576.313 Transfer.  
576.314 UNSC Resolution 1483.  
576.315 United States.  
576.316 U.S. financial institution.  
576.317 United States person; U.S. person.

**Subpart D—Interpretations**

576.401 Reference to amended sections.  
576.402 Effect of amendment.  
576.403 Setoffs prohibited.  
576.404 Termination and acquisition of an interest in property.  
576.405 Transactions ordinarily incident to a licensed transaction.  
576.406 Provision of services.  
576.407 Offshore transactions.  
576.408 Payments from blocked accounts to satisfy obligations prohibited.  
576.409 Charitable contributions.  
576.410 Credit extended and cards issued by U.S. financial institutions.

576.411 Prohibited transactions involving certain Iraqi cultural property.  
576.412 Entities owned by one or more persons whose property and interests in property are blocked.

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

576.501 General and specific licensing procedures.  
576.502 Effect of license or authorization.  
576.503 Exclusion from licenses.  
576.504 Payments and transfers to blocked accounts in U.S. financial institutions.  
576.505 Entries in certain accounts for normal service charges authorized.  
576.506 Investment and reinvestment of certain funds.  
576.507 Provision of certain legal services.  
576.508 Payments for legal services from funds originating outside the United States.  
576.509 Authorization of emergency medical services.  
576.510 Unblocking certain blocked property.  
576.511 Property controlled by the military forces of the United States and their coalition partners in Iraq.  
576.512 Transactions with certain blocked persons authorized.  
576.513 Official business of the United States Government.  
576.514 Official business of certain international organizations and entities.  
576.515 Authorizing Certain Transactions in Support of Nongovernmental Organizations' Activities.  
576.516 Transactions related to the provision of agricultural commodities, medicine, medical devices, replacement parts and components, or software updates for personal, non-commercial use.

**Subpart F—Reports**

576.601 Records and reports.

**Subpart G—Penalties**

576.701 Penalties.  
576.702 Pre-Penalty Notice; settlement.  
576.703 Penalty imposition.  
576.704 Administrative collection; referral to United States Department of Justice.

**Subpart H—Procedures**

576.801 Procedures.  
576.802 Delegation by the Secretary of the Treasury.

**Subpart I—Paperwork Reduction Act**

576.901 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 *et seq.*, 1701 *et seq.*;

## Office of Foreign Assets Control, Treas.

## § 576.201

Pub. L. 101-410, 104 Stat. 890, as amended (28 U.S.C. 2461 note); E.O. 13303, 68 FR 31931, 3 CFR, 2003 Comp., p. 227; E.O. 13315, 68 FR 52315, 3 CFR, 2003 Comp., p. 252; E.O. 13350, 69 FR 46055, 3 CFR, 2004 Comp., p. 196; E.O. 13364, 69 FR 70177, 3 CFR, 2004 Comp., p. 236; E.O. 13438, 72 FR 39719, 3 CFR, 2007 Comp., p. 224; E.O. 13668, 79 FR 31019, 3 CFR, 2014 Comp., p. 248.

SOURCE: 75 FR 55466, Sept. 13, 2010, unless otherwise noted.

### Subpart A—Relation of This Part to Other Laws and Regulations

#### § 576.101 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.

NOTE TO § 576.101: The Iraqi Sanctions Regulations, 31 CFR part 575, have been removed from 31 CFR chapter V.

### Subpart B—Prohibitions

#### § 576.201 Prohibited transactions involving blocked property.

(a) All property and 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 U.S. persons, including their overseas branches, of the former Iraqi regime or

its state bodies, corporations, or agencies, or of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in:

(1) Persons listed in the Annex to Executive Order 13315 of August 28, 2003, as amended by Executive Order 13350 of July 29, 2004; and

(2) Persons determined by the Secretary of the Treasury, in consultation with the Secretary of State,

(i) To be senior officials of the former Iraqi regime or their immediate family members; or

(ii) To be owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any of the persons whose property and interests in property are blocked pursuant to paragraphs (a)(1) or (a)(2) of this section; and

(3) Persons determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Secretary of Defense,

(i) To have committed, or to pose a significant risk of committing, an act or acts of violence that have the purpose or effect of:

(A) Threatening the peace or stability of Iraq or the Government of Iraq; or

(B) Undermining efforts to promote economic reconstruction and political reform in Iraq or to provide humanitarian assistance to the Iraqi people;

(ii) To have materially assisted, sponsored, or provided financial, material, logistical, or technical support for, or goods or services in support of, such an act or acts of violence or any person whose property and interests in property are blocked pursuant to paragraph (a)(3) of this section; or

(iii) To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to paragraph (a)(3) of this section.

NOTE 1 TO PARAGRAPH (a) OF § 576.201: The names of persons listed in or designated pursuant to Executive Order 13315, as amended by Executive Order 13350, or designated pursuant to Executive Order 13438, whose property and interests in property therefore are blocked pursuant to paragraph (a) of this section, are published in the FEDERAL REGISTER and incorporated into the Office of

## § 576.201

## 31 CFR Ch. V (7–1–25 Edition)

Foreign Assets Control's Specially Designated Nationals and Blocked Persons List ("SDN List") with the identifier "[IRAQ2]" (for persons designated pursuant to paragraphs (a)(1) and (a)(2) of this section) or "[IRAQ3]" (for persons designated pursuant to paragraph (a)(3) of this section). The SDN List is accessible through the following page on the Office of Foreign Assets Control's Web site: <http://www.treasury.gov/sdn>. Additional information pertaining to the SDN List can be found in appendix A to this chapter. See § 576.412 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked pursuant to paragraph (a) of this section.

NOTE 2 TO PARAGRAPH (a) OF § 576.201: The International Emergency Economic Powers Act (50 U.S.C. 1701–1706), in Section 203 (50 U.S.C. 1702), authorizes the blocking of property and interests in property of a person during the pendency of an investigation. Except as described in note 3 to this paragraph (a), the names of persons whose property and interests in property are blocked pending investigation pursuant to paragraph (a) of this section are published in the FEDERAL REGISTER and incorporated into the SDN List with the identifier "[BFI-IRAQ2]" or "[BFI-IRAQ3]."

NOTE 3 TO PARAGRAPH (a): In certain cases, OFAC may issue an order to: identify as blocked specific property or interests in property of a person designated or otherwise blocked pursuant to this section; block specific property or interests in property of a person pending investigation; or block or impose other prohibitions with respect to specific property or interests in property less than full blocking sanctions. Notice of such orders will be provided: by publication in the FEDERAL REGISTER; in writing to persons OFAC may assess to have an interest in the property; or by issuing an order or directive in writing to financial institutions or other transaction intermediaries, and requiring the recipient of the order or directive to promptly disclose it to affected persons with whom the recipient maintains direct commercial relationships. Inquiries regarding any such order should be directed to OFAC's Compliance Division at 202-622-2490 or <https://ofac.treasury.gov/contact-ofac>.

NOTE 4 TO PARAGRAPH (a): Subpart E of part 501 of this chapter describes the procedures to be followed for the release of property and interests in property blocked pursuant to this section, including funds blocked due to mistaken identity or typographical or similar errors, and for administrative reconsideration of one's status as a person whose property and interests in property are blocked pursuant to this paragraph (a).

(b) All property and interests in property blocked pursuant to Executive Order 12722 of August 2, 1990, or Executive Order 12724 of August 9, 1990, that continued to be blocked as of July 30, 2004, remain blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in, 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.

NOTE TO PARAGRAPH (b) OF § 576.201: In § 576.510 of this part, the Office of Foreign Assets Control authorizes all transactions involving property and interests in property blocked solely pursuant to Executive Orders 12722 or 12724. The Iraqi Sanctions Regulations, 31 CFR part 575, which implemented Executive Orders 12722 and 12724, have been removed from 31 CFR chapter V.

(c) The prohibitions in paragraphs (a) and (b) of this section include, but are not limited to, prohibitions on the following transactions:

(1) The making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to paragraphs (a) or (b) of this section; and

(2) The receipt of any contribution or provision of funds, goods, or services from any person whose property and interests in property are blocked pursuant to paragraphs (a) or (b) of this section.

(d) 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, or issued by, any person whose property and 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, or the endorsement or guaranty of signatures on, any such security on or after the effective date. 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.

(e) The prohibitions in paragraphs (a) and (b) of this section apply except to the extent transactions are 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.

[75 FR 55466, Sept. 13, 2010, as amended at 76 FR 38543, June 30, 2011; 89 FR 75963, Sept. 17, 2024]

**§ 576.202 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 § 576.201(a) or § 576.201(b), 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 § 576.201(a) or § 576.201(b), unless the person who holds or maintains such property, 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 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 IEEPA, Executive Orders 13315, 13350, or 13438, 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 is or 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 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 is or was held or maintained (and as to such person only);

(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 is or 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 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 § 576.202: 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.

## § 576.203

(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 and interests in property are blocked pursuant to § 576.201(a), or with respect to any property and interests in property blocked pursuant to § 576.201(b).

### **§ 576.203 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 § 576.201(a) or § 576.201(b) 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.

(c) Blocked funds held in instruments the maturity of which exceeds 180 days at the time the funds become subject to § 576.201(a) or § 576.201(b) may continue to be held until maturity in the original instrument, provided any in-

## 31 CFR Ch. V (7-1-25 Edition)

terest, 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 § 576.201(a) or § 576.201(b) 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 other blocked property, such as debt or equity securities, to sell or liquidate such property. However, the Office of Foreign Assets Control may issue licenses permitting or directing such sales or liquidation 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 and interests in property are blocked pursuant to § 576.201(a), nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

### **§ 576.204 Expenses of maintaining blocked physical property; liquidation of blocked property.**

(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 prior to the effective date, all expenses incident to the maintenance of physical property blocked pursuant to § 576.201(a) or § 576.201(b) 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 § 576.201(a) or § 576.201(b) may, in the discretion of the 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.

**§ 576.205 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 to violate the prohibitions set forth in this part is prohibited.

**§ 576.207 Exemption for property controlled by the military forces of the United States and their coalition partners in Iraq.**

The prohibitions in § 576.201(a)(1) and (a)(2) shall not apply to property and interests in property that come under the control of the military forces of the United States and their coalition partners present in Iraq and acting in their official capacity under the command or operational control of the commander of United States Central Command.

**§ 576.208 Prohibited transactions related to certain Iraqi cultural property.**

Unless licensed or otherwise authorized pursuant to this part or otherwise consistent with U.S. law, the trade in or transfer of ownership or possession of Iraqi cultural property or other items of archeological, historical, cultural, rare scientific, and religious importance that were illegally removed, or for which a reasonable suspicion exists that they were illegally removed, from the Iraq National Museum, the National Library, and other locations in Iraq since August 6, 1990, is prohibited.

NOTE TO § 576.208: See § 576.411 for interpretive guidance on this section. Questions concerning whether particular Iraqi cultural property or other items are subject to this section should be directed to the Cultural Heritage Center, U.S. Department of State, tel. 202-632-6301, fax 202-632-6300, Web site

<http://culturalheritage.state.gov>,  
[culprop@state.gov](mailto:culprop@state.gov).

e-mail

**§ 576.209 Exempt transactions.**

(a) *Personal communications.* The prohibitions contained in § 576.201(a)(3) 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 any information or informational materials, as defined in § 576.306, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions of § 576.201(a)(3).

(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 and interests in property are blocked pursuant to § 576.201(a)(3), 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 for use in the transmission of any data, or to the provision, sale, or leasing of capacity on telecommunications transmission facilities (such as satellite or terrestrial network

## § 576.301

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 and interests in property are blocked pursuant to § 576.201(a) are prohibited.

(c) *Travel.* The prohibitions contained in § 576.201(a)(3) do not apply to any 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

#### § 576.301 **Blocked account; blocked property.**

The terms *blocked account* and *blocked property* shall mean:

(a) (1) Any account or property subject to the prohibitions in § 576.201(a) held in the name of a person whose property and interests in property are blocked pursuant to § 576.201(a), or in which such person has an interest, or

(2) Any account or property subject to the prohibitions in § 576.201(b), and

(b) 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.

NOTE 1 TO § 576.301: See § 576.412 concerning the blocked status of property and interests in property of an entity that is directly or indirectly owned, whether individually or in the aggregate, 50 percent or more by one or more persons whose property and interests in property are blocked pursuant to § 576.201(a).

[75 FR 55466, Sept. 13, 2010, as amended at 87 FR 78478, Dec. 21, 2022]

#### § 576.302 **Development Fund for Iraq.**

The term *Development Fund for Iraq* means the fund established on or about May 22, 2003, on the books of the Central Bank of Iraq, by the Administrator of the Coalition Provisional Authority responsible for the temporary govern-

## 31 CFR Ch. V (7–1–25 Edition)

ance of Iraq and all accounts held for the fund or for the Central Bank of Iraq in the name of the fund.

#### § 576.303 **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 and interests in property are blocked pursuant to § 576.201(a)(1):

(1) 12:01 a.m. eastern daylight time, August 29, 2003, for those persons listed on the Annex to Executive Order 13315; and

(2) 12:01 a.m. eastern daylight time, July 30, 2004, for those persons added to the Annex to Executive Order 13315 by Executive Order 13350;

(b) With respect to a person whose property and interests in property are otherwise blocked pursuant to § 576.201(a)(2) or (a)(3), the earlier of the date of actual or constructive notice that such person's property and interests in property are blocked; and

(c) With respect to the transactions prohibited by § 576.201(b) or § 576.208, 12:01 a.m. eastern daylight time, July 30, 2004.

[75 FR 55466, Sept. 13, 2010, as amended 82 FR 61451, Dec. 28, 2017]

#### § 576.304 **Entity.**

The term *entity* means a partnership, association, trust, joint venture, corporation, group, subgroup or other organization.

#### § 576.305 **Former Iraqi regime.**

The term *former Iraqi regime* means the Saddam Hussein regime that governed Iraq until on or about May 1, 2003.

#### § 576.306 **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 § 576.307: 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 sections 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.

#### § 576.307 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.

#### § 576.309 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 § 576.309: See § 501.801 of this chapter for licensing procedures.

#### § 576.310 Government of Iraq.

The term *Government of Iraq* means:

(a) Any interim or permanent Iraqi government in authority after June 30, 2004, and any subdivision, agency, or instrumentality thereof; and

(b) Any partnership, association, corporation, or other organization substantially owned or controlled by the foregoing.

#### § 576.311 Person.

The term *person* means an individual or entity.

#### § 576.312 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, present, future or contingent.

#### § 576.313 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. Without limitation on the foregoing, it 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

## § 576.314

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.

### § 576.314 UNSC Resolution 1483.

The term *UNSC Resolution 1483* means United Nations Security Council Resolution No. 1483, adopted May 22, 2003.

### § 576.315 United States.

The term *United States* means the United States, its territories and possessions, and all areas under the jurisdiction or authority thereof.

### § 576.316 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. It 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 that are located in the United States, but not such institutions' foreign branches, offices, or agencies.

### § 576.317 United States person; U.S. person.

The term *United States person* or *U.S. person* means any United States cit-

## 31 CFR Ch. V (7-1-25 Edition)

izen, 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

#### § 576.401 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, directive, or license issued pursuant to this part refers to the same as currently amended.

#### § 576.402 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 the Office of Foreign Assets Control does not affect any act done or omitted, or any civil or criminal 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.

#### § 576.403 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 § 576.201 if made after the effective date.

#### § 576.404 Termination and acquisition of an interest in 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 § 576.201, unless there exists in the property another interest that is blocked pursuant to § 576.201 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 and interests in property are blocked pursuant to § 576.201(a), such property shall be deemed to be property in which that person has an interest and therefore blocked.

[75 FR 55466, Sept. 13, 2010, as amended 82 FR 61451, Dec. 28, 2017]

**§ 576.405 Transactions ordinarily incident to a licensed transaction.**

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) An ordinarily incident transaction, not explicitly authorized within the terms of the license, by or with a person whose property and interests in property are blocked pursuant to § 576.201(a); or

(b) An ordinarily incident transaction, not explicitly authorized within the terms of the license, involving a debit to a blocked account or a transfer of blocked property.

(c)

*Example.* A license authorizing Company A, whose property and interests in property are blocked pursuant to § 576.201(a), to complete a securities sale also authorizes all activities by other parties required to complete the sale, including transactions by the buyer, broker, transfer agents, banks, etc., provided that such other parties are not themselves persons whose property and interests in property are blocked pursuant to § 576.201(a).

**§ 576.406 Provision of services.**

(a) Except as provided in § 576.209, the prohibitions on transactions involving blocked property contained in § 576.201 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 and interests in property are blocked pursuant to § 576.201(a); or

(2) With respect to property interests subject to § 576.201.

(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 and interests in property are blocked pursuant to § 576.201(a).

NOTE TO § 576.406: See §§ 576.507 and 576.509 on licensing policy with regard to the provision of certain legal and medical services.

**§ 576.407 Offshore transactions.**

The prohibitions in § 576.201 on transactions or dealings involving blocked property apply to transactions by any U.S. person in a location outside the United States with respect to property held in the name of a person whose property and interests in property are blocked pursuant to § 576.201, or property in which a person whose property and interests in property are blocked pursuant to § 576.201 has or has had an interest since the effective date.

**§ 576.408 Payments from blocked accounts to satisfy obligations prohibited.**

Pursuant to § 576.201, no debits may be made to a blocked account to pay obligations to U.S. persons or other persons, except as authorized by or pursuant to this part.

**§ 576.409 Charitable contributions.**

Unless specifically authorized by the Office of Foreign Assets Control pursuant to this part, no charitable contribution of funds, goods, services, or technology, including contributions to relieve human suffering, such as food, clothing or medicine, may be made by, to, or for the benefit of, or received from, a person whose property and interests in property are blocked pursuant to § 576.201(a). For the purposes of this part, a contribution is made by, to, or for the benefit of, or received from, a person whose property and interests in property are blocked pursuant to § 576.201(a) if made by, to, or in the name of, or received from or in the name of, such a person; if made by, to, or in the name of, or received from or in the name of, an entity or individual acting for or on behalf of, or owned or

## § 576.410

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 by, to, or for the benefit of such a person, or the receipt of contributions from any such person.

### **§ 576.410 Credit extended and cards issued by U.S. financial institutions.**

The prohibition in § 576.201 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 and interests in property are blocked pursuant to § 576.201(a).

### **§ 576.411 Prohibited transactions involving certain Iraqi cultural property.**

(a) The prohibition on trade in or transfer of ownership or possession of certain Iraqi cultural property in § 576.208 is separate from, and independent of, other laws and regulations that may also prohibit the same conduct.

(b) The mere compliance with certain legal, administrative, or procedural requirements, such as the filing of a U.S. Customs and Border Protection Form 3461 (Entry/Immediate Delivery) or U.S. Customs and Border Protection Form 7501 (Entry Summary), does not render the trade in or transfer of Iraqi cultural property otherwise consistent with U.S. law for purposes of § 576.208. The trade in or transfer of Iraqi cultural property as described in § 576.208 would violate § 576.208 regardless of whether the U.S. Customs and Border Protection forms were truthfully and accurately completed.

NOTE TO § 576.411: Other laws and regulations potentially applicable to the unlawful trade in or transfer of Iraqi cultural property include, but are not limited to, the transportation of stolen goods, 18 U.S.C. 2314; the receipt of stolen goods, 18 U.S.C. 2315; the importation of goods contrary to law, 18 U.S.C. 545 and 19 U.S.C. 1595a(a), (b), and (c); the exportation of goods contrary to law, 19 U.S.C. 1595a(d); the importation of stolen cultural property, 19 U.S.C. 2607; the importation of cultural property pertaining to the inventory of a museum or religious or secular public monument, 19 CFR 12.104a; and the emer-

## 31 CFR Ch. V (7–1–25 Edition)

gency protection of Iraqi cultural antiquities, 19 CFR 12.104j.

### **§ 576.412 Entities owned by one or more persons whose property and interests in property are blocked.**

Persons whose property and interests in property are blocked pursuant to § 576.201 have an interest in all property and interests in property of an entity in which such persons directly or indirectly own, whether individually or in the aggregate, a 50 percent or greater interest. The property and interests in property of such an entity, therefore, are blocked, and such an entity is a person whose property and interests in property are blocked pursuant to § 576.201, regardless of whether the name of the entity is incorporated into OFAC's Specially Designated Nationals and Blocked Persons List (SDN List).

[87 FR 78478, Dec. 21, 2022]

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

### **§ 576.501 General and specific licensing procedures.**

For provisions relating to licensing procedures, see part 501, subpart E, 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.

### **§ 576.502 Effect of license or authorization.**

(a) No license or other authorization contained in this part, or otherwise issued by the Office of Foreign Assets Control, authorizes or validates any transaction effected prior to the issuance of such license or other authorization, 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 other

part of this chapter unless the regulation, ruling, instruction, or license specifically refers to such part.

(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.

**§ 576.503 Exclusion from licenses.**

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 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 actual or constructive notice of the exclusions or restrictions.

**§ 576.504 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 and interests in property are blocked pursuant to § 576.201(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 be made only to another blocked account held in the same name.

NOTE TO § 576.504: See § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers. See also § 576.203 concerning the obligation to hold blocked funds in interest-bearing accounts.

**§ 576.505 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.

**§ 576.506 Investment and reinvestment of certain funds.**

Subject to the requirements of § 576.203, U.S. financial institutions are authorized to invest and reinvest assets blocked pursuant to § 576.201, 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 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 a person whose property and interests in property are blocked pursuant to § 576.201(a).

**§ 576.507 Provision of certain legal services.**

(a) The provision of the following legal services to or on behalf of persons

## § 576.508

whose property and interests in property are blocked pursuant to § 576.201 is authorized, provided that any receipt of payment of professional fees and reimbursement of incurred expenses must be authorized pursuant to § 576.508, which authorizes certain payments for legal services from funds originating outside the United States; via specific license; or otherwise pursuant to this part:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of the United States or 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 named as defendants in or otherwise made parties to legal, arbitration, or administrative proceedings before any U.S. federal, state, or local court or agency;

(3) Initiation and conduct of legal, arbitration, or administrative proceedings before any U.S. federal, state, or local court or agency;

(4) Representation of persons before any U.S. federal, state, or local court or 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 or on behalf of persons whose property and interests in property are blocked pursuant to § 576.201, not otherwise authorized in this part, requires the issuance of a specific license.

(c) U.S. persons do not need to obtain specific authorization to provide related services, such as making filings and providing other administrative services, that are ordinarily incident to the provision of services authorized by paragraph (a) of this section. Additionally, U.S. persons who provide services authorized by paragraph (a) of this section 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 in-

## 31 CFR Ch. V (7–1–25 Edition)

vestigators or expert witnesses, or to pay for such services. *See* § 576.405.

(d) Entry into a settlement agreement 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 § 576.201 is prohibited unless licensed pursuant to this part.

NOTE 1 TO § 576.507: Pursuant to part 501, subpart E, of 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 OFAC to authorize the release of certain blocked funds for the payment of professional fees and reimbursement of incurred expenses for the provision of such legal services where alternative funding sources are not available.

[75 FR 55466, Sept. 13, 2010, 89 FR 103646, Dec. 19, 2024]

### § 576.508 Payments for legal services from funds originating outside the United States.

(a) *Professional fees and incurred expenses.* (1) Receipt of payment of professional fees and reimbursement of incurred expenses for the provision of legal services authorized pursuant to § 576.507(a) to or on behalf of any person whose property and interests in property are blocked pursuant to § 576.201, is authorized from funds originating outside the United States, provided that the funds do 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 § 576.507(a) are to be provided, whose property and interests in property are blocked pursuant to any part of this chapter or any Executive order or statute.

(2) Nothing in this paragraph (a) authorizes payments for legal services using funds in which any other person whose property and interests in property are blocked pursuant to § 576.201, any other part of this chapter, or any

## Office of Foreign Assets Control, Treas.

## §576.514

Executive order or statute has an interest.

(b) *Records.* Consistent with §§501.601 and 501.602 of this chapter, U.S. persons who receive payments pursuant to paragraph (a) of this section must retain for ten years from the date of the relevant payment, and furnish to OFAC on demand, a record that specifies the following for each payment:

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

(2) If applicable:

(i) 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;

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

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

[89 FR 103646, Dec. 19, 2024]

### §576.509 Authorization of emergency medical services.

The provision of nonscheduled emergency medical services in the United States to persons whose property and interests in property are blocked pursuant to §576.201(a) is authorized, provided that all receipt of payment for such services must be specifically licensed.

### §576.510 Unblocking certain blocked property.

(a) Except for such property and interests in property described in paragraph (b) of this section, all transactions involving property and interests in property blocked pursuant to §576.201(b) of this part are authorized.

(b) The authorization in paragraph (a) of this section does not apply to blocked property and interests in property of persons subject to sanctions pursuant to §576.201(a) of this part or any other part of 31 CFR chapter V.

### §576.511 Property controlled by the military forces of the United States and their coalition partners in Iraq.

The prohibition in §576.201(a)(3) that deals with blocked property and interests in property shall not apply to property and interests in property con-

trolled by the military forces of the United States and their coalition partners present in Iraq and acting in their official capacity under the command or operational control of the commander of United States Central Command.

NOTE TO §576.511: See §576.207 of this part, which exempts property and interests in property that come under the control of the military forces of the United States and their coalition partners present in Iraq and acting in their official capacity from the prohibitions in §576.201(a)(1) and (2).

### §576.512 Transactions with certain blocked persons authorized.

(a) All transactions with state bodies, corporations, or agencies of the former Iraqi regime that are otherwise prohibited by §576.201(a) are authorized.

(b) The authorization in paragraph (a) of this section does not apply to any transactions with state bodies, corporations, or agencies of the former Iraqi regime listed on the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List.

[75 FR 55466, Sept. 13, 2010, as amended at 76 FR 38542, June 30, 2011]

### §576.513 Official business of the United States Government.

All transactions prohibited by this part that are for the conduct of the official business of the United States Government by employees, grantees, or contractors thereof are authorized.

[87 FR 78478, Dec. 21, 2022]

### §576.514 Official business of certain international organizations and entities.

All transactions prohibited by this part that are for the conduct of the official business of the following entities by employees, grantees, or contractors thereof are authorized:

(a) The United Nations, including its Programmes, Funds, and Other Entities and Bodies, as well as its Specialized Agencies and Related Organizations;

(b) The International Centre for Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA);

**§576.515**

**31 CFR Ch. V (7–1–25 Edition)**

(c) The African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank Group (IDB Group), including any fund entity administered or established by any of the foregoing;

(d) The International Committee of the Red Cross and the International Federation of Red Cross and Red Crescent Societies; and

(e) The Global Fund to Fight AIDS, Tuberculosis, and Malaria, and Gavi, the Vaccine Alliance.

[87 FR 78478, Dec. 21, 2022]

**§576.515 Authorizing Certain Transactions in Support of Nongovernmental Organizations' Activities.**

(a) Except as provided in paragraph (c) of this section, all transactions prohibited by this part that are ordinarily incident and necessary to the activities described in paragraph (b) of this section by a nongovernmental organization are authorized, provided that the nongovernmental organization is not a person whose property or interests in property are blocked pursuant to this part.

(b) The activities referenced in paragraph (a) of this section are non-commercial activities designed to directly benefit the civilian population that fall into one of the following categories:

(1) Activities to support humanitarian projects to meet basic human needs, including disaster, drought, or flood relief; food, nutrition, or medicine distribution; the provision of health services; assistance for vulnerable or displaced populations, including individuals with disabilities and the elderly; and environmental programs;

(2) Activities to support democracy building, including activities to support rule of law, citizen participation, government accountability and transparency, human rights and fundamental freedoms, access to information, and civil society development projects;

(3) Activities to support education, including combating illiteracy, increasing access to education, international exchanges, and assisting education reform projects;

(4) Activities to support non-commercial development projects directly benefiting civilians, including those related to health, food security, and water and sanitation;

(5) Activities to support environmental and natural resource protection, including the preservation and protection of threatened or endangered species, responsible and transparent management of natural resources, and the remediation of pollution or other environmental damage; and

(6) Activities to support disarmament, demobilization, and reintegration (DDR) programs and peacebuilding, conflict prevention, and conflict resolution programs.

(c) This section does not authorize funds transfers initiated or processed with knowledge or reason to know that the intended beneficiary of such transfers is a person blocked pursuant to this part, other than for the purpose of effecting the payment of taxes, fees, or import duties, or the purchase or receipt of permits, licenses, or public utility services.

(d) Specific licenses may be issued on a case-by-case basis to authorize nongovernmental or other entities to engage in other activities designed to directly benefit the civilian population, including support for the removal of landmines and economic development projects directly benefiting the civilian population.

NOTE 1 TO §576.515. This section does not relieve any person authorized thereunder from complying with any other applicable laws or regulations.

[87 FR 78497, Dec. 21, 2022]

**§576.516 Transactions related to the provision of agricultural commodities, medicine, medical devices, replacement parts and components, or software updates for personal, non-commercial use.**

(a) All transactions prohibited by this part that are related to the provision, directly or indirectly, of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices to an individual whose property and interests in property are blocked pursuant to this part are authorized, provided the items

are in quantities consistent with personal, non-commercial use.

(b) For the purposes of this section, agricultural commodities, medicine, and medical devices are defined as follows:

(1) *Agricultural commodities.* For the purposes of this section, agricultural commodities are:

(i) Products 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) That are intended for ultimate use 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, medicine is an item that falls within the definition of the term “drug” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

(3) *Medical devices.* For the purposes of this section, a medical device is an item that falls within the definition of “device” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

NOTE 1 TO § 576.516. This section does not relieve any person authorized thereunder from complying with any other applicable laws or regulations.

[87 FR 78497, Dec. 21, 2022]

## Subpart F—Reports

### § 576.601 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

### § 576.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) (“IEEPA”), which is applicable to violations of the provisions of any license, ruling, regulation, order, directive, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under IEEPA.

(1) A civil penalty not to exceed the amount set forth in section 206 of IEEPA may be imposed on any person who violates, attempts to violate, conspires to violate, or causes a violation of any license, order, or regulation issued under IEEPA.

(2) The applicable maximum civil penalty per violation of IEEPA is the greater of \$377,700 or an amount that is twice the amount of the transaction that is the basis of the violation with respect to which the penalty is imposed.

(3) A person who willfully commits, willfully attempts to commit, or willfully conspires to commit, or aids or abets in the commission of a violation of any license, order, regulation, or prohibition may, upon conviction, be fined not more than \$1,000,000, or if a natural person, may be imprisoned for not more than 20 years, or both.

(b) *Adjustments to penalty amounts.* (1) The civil penalties provided in IEEPA are subject to adjustment pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101–410, as amended, 28 U.S.C. 2461 note).

(2) The criminal penalties provided in IEEPA are subject to adjustment 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; 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

## § 576.702

shall be fined under title 18, United States Code, imprisoned, or both.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

[75 FR 55466, Sept. 13, 2010, as amended at 81 FR 43076, July 1, 2016; 82 FR 10438, Feb. 10, 2017; 83 FR 11880, Mar. 19, 2018; 84 FR 27718, June 14, 2019; 85 FR 19888, Apr. 9, 2020; 86 FR 14538, Mar. 17, 2021; 87 FR 7373, Feb. 9, 2022; 88 FR 2233, Jan. 13, 2023; 89 FR 2143, Jan. 12, 2024; 90 FR 3692, Jan. 15, 2025]

### § 576.702 Pre-Penalty Notice; settlement.

(a) *When required.* If the Office of Foreign Assets Control has reason 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 IEEPA and determines that a civil monetary penalty is warranted, the Office of Foreign Assets Control will issue a Pre-Penalty Notice informing the alleged violator of the agency's intent to impose a monetary penalty. A Pre-Penalty Notice shall be in writing. The Pre-Penalty Notice may be issued whether or not another agency has taken any action with respect to the matter. For a description of the contents of a Pre-Penalty Notice, see Appendix A to part 501 of this chapter.

(b)(1) *Right to respond.* An alleged violator has the right to respond to a Pre-Penalty Notice by making a written presentation to the Office of Foreign Assets Control. For a description of the information that should be included in such a response, see Appendix A to part 501 of this chapter.

(2) *Deadline for response.* A response to a Pre-Penalty Notice must be made within the applicable 30-day period set forth in this paragraph. 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.

(i) *Computation of time for response.* A response to a Pre-Penalty Notice must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier

## 31 CFR Ch. V (7-1-25 Edition)

service provider (if transmitted to the Office of Foreign Assets Control by courier) on or before the 30th day after the postmark date on the envelope in which the Pre-Penalty Notice was mailed. If the Pre-Penalty Notice was personally delivered by a non-U.S. Postal Service agent authorized by the Office of Foreign Assets Control, a response must be postmarked or date-stamped on or before the 30th day after the date of delivery.

(ii) *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 discretion of the Office of Foreign Assets Control, only upon specific request to the Office of Foreign Assets Control.

(3) *Form and method of response.* A response to a Pre-Penalty Notice need not be in any particular form, but it must be typewritten and signed by the alleged violator or a representative thereof, must contain information sufficient to indicate that it is in response to the Pre-Penalty Notice, and must include the Office of Foreign Assets Control identification number listed on the Pre-Penalty Notice. 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 (b)(2) of this section.

(c) *Settlement.* Settlement discussion may be initiated by the Office of Foreign Assets Control, the alleged violator, or the alleged violator's authorized representative. For a description of practices with respect to settlement, see appendix A to part 501 of this chapter.

(d) *Guidelines.* Guidelines for the imposition or settlement of civil penalties by the Office of Foreign Assets Control are contained in appendix A to part 501 of this chapter.

(e) *Representation.* A representative of the alleged violator may act on behalf of the alleged violator, but any oral communication with the Office of Foreign Assets Control prior to a written submission regarding the specific allegations contained in the Pre-Penalty

Notice must be preceded by a written letter of representation, unless the Pre-Penalty Notice was served upon the alleged violator in care of the representative.

**§ 576.703 Penalty imposition.**

If, after considering any written response to the Pre-Penalty Notice and any relevant facts, the Office of Foreign Assets Control determines that there was a violation by the alleged violator named in the Pre-Penalty Notice and that a civil monetary penalty is appropriate, the Office of Foreign Assets Control may issue a Penalty Notice to the violator containing a determination of the violation and the imposition of the monetary penalty. For additional details concerning issuance of a Penalty Notice, see appendix A to part 501 of this chapter. The issuance of the Penalty Notice shall constitute final agency action. The violator has the right to seek judicial review of that final agency action in federal district court.

**§ 576.704 Administrative collection; referral to United States Department of Justice.**

In the event that the violator does not pay the penalty imposed pursuant to this part or make payment arrangements acceptable to the Office of Foreign Assets Control, 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**

**§ 576.801 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 E, of this chapter.

**§ 576.802 Delegation by the Secretary of the Treasury.**

(a) Except as provided in paragraph (b) of this section, any action that the Secretary of the Treasury is authorized to take pursuant to Executive Order 13303 of May 22, 2003, and any subsequent Executive orders relating to the national emergency declared therein, including but not limited to Executive Order 13315 of August 28, 2003, and Executive Order 13438 of July 17, 2007, 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 the authority so to act.

(b) Unless otherwise delegated, the authority provided in section 2 of Executive Order 13315 to confiscate property blocked pursuant to this part and transfer all vested right, title, and interest in such property to the Development Fund for Iraq shall be exercised only by the Secretary of the Treasury, in consultation with the Secretary of State.

**Subpart I—Paperwork Reduction Act**

**§ 576.901 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 578—CYBER-RELATED SANCTIONS REGULATIONS**

**Subpart A—Relation of This Part to Other Laws and Regulations**

Sec.

578.101 Relation of this part to other laws and regulations.