



DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 501, 535, 536, 537, 538, 539, 541, 542, 543, 544, 546, 547, 548, 549, 560, 561, 566, 576, 588, 592, 593, 594, 595, 597, and 598.

Implementation of the Federal Civil Penalties Inflation Adjustment Act

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Interim final rule with request for comments.

SUMMARY: The Department of the Treasury’s Office of Foreign Assets Control (OFAC) is issuing this interim final rule to amend its regulations for the relevant sanctions programs it administers to implement the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. In particular, this rule adjusts for inflation the maximum amount of the civil monetary penalties that may be assessed under relevant OFAC regulations, including by making conforming changes to OFAC’s “Economic Sanctions Enforcement Guidelines.”

DATES: This rule is effective August 1, 2016. Comments must be received on or before August 1, 2016.

ADDRESSES: You may submit comments by any of the following methods:

Federal eRulemaking Portal: www.regulations.gov. Follow the instructions on the website for submitting comments.

Fax: Attn: Request for Comments (Amendments to OFAC Regulations to Implement the Federal Civil Penalties Inflation Adjustment Act) 202-622-1657.

Mail: Attn: Request for Comments (Amendments to OFAC Regulations to Implement the Federal Civil Penalties Inflation Adjustment Act), Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue, NW, Freedman's Bank Building, Washington, DC 20220.

Instructions: All submissions received must include the agency name and the Federal Register Doc. number that appears at the end of this document. All comments, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information, such as account numbers or Social Security numbers, should not be included. Comments generally will not be edited to remove any identifying or contact information.

FOR FURTHER INFORMATION CONTACT: The Department of the Treasury's Office of Foreign Assets Control: Assistant Director for Enforcement, tel.: 202-622-2430; Assistant Director for Licensing, tel.: 202-622-2480, Assistant Director for Regulatory Affairs, tel.: 202-622-4855, Assistant Director for Sanctions Compliance & Evaluation, tel.: 202-622-2490; or the Department of the Treasury's Office of the Chief Counsel (Foreign Assets Control), Office of the General Counsel, tel.: 202-622-2410.

SUPPLEMENTARY INFORMATION:

Electronic Availability

This document and additional information concerning OFAC are available from OFAC's website (<http://www.treasury.gov/ofac>).

Background

Section 4 of the Federal Civil Penalties Inflation Adjustment Act (1990 Pub. L. 101-410, 104 Stat. 890; 28 U.S.C. 2461 note), as amended by the Debt Collection Improvement Act of 1996 (Pub. L. 104-134, 110 Stat. 1321-373) and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (Pub. L. 114-74, 129 Stat. 599, 28 U.S.C. 2461 note) (collectively, the FCPIA Act), requires each federal agency with statutory authority to assess civil monetary penalties (CMPs) to adjust CMPs for inflation according to a formula described in section 5 of the FCPIA Act. One purpose of

the FCPIA Act is to ensure that CMPs continue to maintain their deterrent effect through periodic cost-of-living based adjustments.

The FCPIA Act directs agencies to adjust the level of CMPs for inflation annually, with an initial “catch up” adjustment effective no later than August 1, 2016. Catch-up adjustments will be based on the percent change between the Consumer Price Index for all Urban Consumers (CPI-U) for the month of October in the year of the last non-FCPIA-Act-based adjustment and the October 2015 CPI-U. In accordance with the FCPIA Act, however, the amount of the CMP catch-up adjustment shall not exceed 150 percent of the corresponding level in effect on November 2, 2015 (the “maximum adjustment”). Annual inflation adjustments will be based on the percent change between the October CPI-U preceding the date of the adjustment and the prior year's October CPI-U. The FCPIA Act requires agencies to round all CMP levels to the nearest dollar after applying the multiplier.

In order to complete the catch-up adjustment, the FCPIA Act directs agencies to use as a starting point for each CMP the year and corresponding amount(s) for which the maximum CMP level or range of minimum and maximum CMPs was established or last adjusted, whichever is later, other than pursuant to the FCPIA Act. The catch-up calculations therefore exclude prior inflationary adjustments under the FCPIA Act.

On February 24, 2016, the Office of Management and Budget issued written guidance providing agencies with CPI-U related multipliers to use when adjusting the CMP

level or range of CMP levels based on the year the CMP was established or last adjusted by statute or regulation. (Memorandum for the Heads of Executive Departments and Agencies: Implementation of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (OMB Guidance)).

The adjusted civil penalty amounts described in this rule are applicable only to civil penalties assessed after August 1, 2016, whose associated violations occurred after November 2, 2015, the date of enactment of the Federal Civil Penalties Inflation Adjustment Act Improvements Act. Therefore, violations occurring on or before November 2, 2015, and assessments made prior to August 1, 2016 whose associated violations occurred after November 2, 2015, will continue to be subject to the civil monetary penalty amounts set forth in OFAC's existing regulations.

OFAC currently is authorized to impose CMPs pursuant to five statutes: the Trading With the Enemy Act (50 U.S.C. 4315) (TWEA); the International Emergency Economic Powers Act (50 U.S.C. 1705) (IEEPA); the Antiterrorism and Effective Death Penalty Act of 1996 (Pub. L. 104-132, 110 Stat. 1250; 18 U.S.C. 2339B) (AEDPA); the Foreign Narcotics Kingpin Designation Act (Pub. L. 106-120, 113 Stat. 1632; 21 U.S.C. 1901-1908) (FNKDA); and the Clean Diamond Trade Act (Pub. L. 108-19, 117 Stat. 631; 19 U.S.C. 3901-3913) (CDTA). The maximum CMPs under the statutes were last adjusted or set by statute as follows: TWEA in 1992; IEEPA in 2007; AEDPA in 1996; FNKDA in 1999, and CDTA in 2003.

TWEA. The maximum TWEA-based CMP was established at \$50,000 in 1992 by the National Defense Authorization Act for Fiscal Year 1993 (Pub. L. 102-484, 106 Stat. 2315, 50 U.S.C. 4315). Although there were two subsequent adjustments, bringing the current maximum CMP to \$65,000, those adjustments were made pursuant to the FCPIA Act and therefore will not be considered for purposes of determining the new maximum CMP. Pursuant to the OMB Guidance, the relevant inflation factor is 1.67728. Multiplying the CMP amount of \$50,000 by the inflation factor of 1.67728 and rounding to the nearest dollar results in \$83,864. This would be an increase of \$33,864. Pursuant to the FCPIA Act, the maximum adjustment amount is 150% of \$65,000 (the CMP in effect on November 2, 2015), or \$97,500. The increase does not exceed the maximum adjustment. Therefore, the maximum TWEA-based CMP effective August 1, 2016 is increased to the inflation-adjusted amount of \$83,864 per violation.

IEEPA. The maximum IEEPA-based CMP of the greater of \$250,000 or twice the amount of the underlying transaction was set in 2007 by the International Emergency Economic Powers Enhancement Act (Pub. L. 110-96, 121 Stat. 1011; 50 U.S.C. 1705 note). Pursuant to the OMB Guidance, the relevant inflation factor is 1.13833. Multiplying the current penalty amount of \$250,000 by the inflation factor of 1.13833 and rounding to the nearest dollar amount results in a maximum penalty amount of the greater of \$284,582 or twice the amount of the underlying transaction per violation. This would be an increase of \$34,582. Pursuant to the FCPIA Act, the maximum adjustment is 150% of \$250,000 (the CMP in effect on November 2, 2015), or \$375,000. The increase does not exceed the maximum adjustment. Therefore, the maximum IEEPA

CMP effective August 1, 2016 is increased to the inflation-adjusted amount of \$284,582 or twice the amount of the underlying transaction per violation. The FCPIA Act applies only to CMPs that are for a specific monetary amount as provided by Federal law. Accordingly, the alternative IEEPA CMP of twice the amount of the underlying transaction remains unchanged.

AEDPA. The maximum AEDPA-based CMP of the greater of \$50,000 or twice the amount of which a financial institution was required to retain possession or control was set by statute in 1996 (Pub. L. 104-132, 110 Stat. 1250; 18 U.S.C. 2339B). Although there was one subsequent adjustment, bringing the current maximum CMP to \$55,000, that adjustment was made pursuant to the FCPIA Act and therefore will not be considered in the new maximum CMP calculation. Pursuant to the OMB Guidance, the relevant inflation factor is 1.50245. Multiplying the CMP amount of \$50,000 by the inflation factor of 1.50245 and rounding to the nearest dollar results in \$75,122. This would be an increase of \$20,122. Pursuant to the FCPIA Act, the maximum adjustment is 150% of \$55,000 (the CMP in effect on November 2, 2015), or \$82,500. The increase does not exceed the maximum adjustment. Therefore, the maximum AEDPA-based CMP per violation effective August 1, 2016 is increased to the inflation-adjusted amount of the greater of \$75,122 or twice the amount of which a financial institution was required to retain possession or control. The FCPIA Act applies only to CMPs that are for a specific monetary amount as provided by Federal law. Accordingly, the alternative AEDPA CMP of twice the amount of which a financial institution was required to retain possession or control remains unchanged.

FNKDA. The maximum FNKDA-based CMP of \$1,000,000 was set in 1999 by the Intelligence Authorization Act for Fiscal Year 2000 (Pub. L. 106-120, 113 Stat. 1632; 21 U.S.C. 1901-1908). Although there was one subsequent adjustment, bringing the current maximum CMP to \$1,075,000, that adjustment was made pursuant to the FCPIA Act and therefore will not be considered in the new maximum CMP calculation. Pursuant to OMB Guidance, the relevant inflation factor is 1.41402. Multiplying the CMP of \$1,000,000 by the inflation factor of 1.41402 and rounding to the nearest dollar results in \$1,414,020. This would be an increase of \$414,020. Pursuant to the FCPIA Act, the maximum adjustment is 150% of \$1,075,000 (the CMP in effect on November 2, 2015), or \$1,612,500. The increase does not exceed the maximum adjustment. Therefore, as of August 1, 2016, the maximum FNKDA-based CMP is increased to the inflation-adjusted amount of \$1,414,020 per violation.

CDTA. The maximum CDTA-based CMP of \$10,000 was set by statute in 2003. (Pub. L. 108-19, 117 Stat. 631; 19 U.S.C. 3901-3913). Pursuant to the OMB Guidance, the relevant inflation factor is 1.28561. Multiplying the current penalty of \$10,000 by the inflation factor of 1.28561 and rounding to the nearest dollar results in \$12,856. This would be an increase of \$2,856. Pursuant to the FCPIA Act, the maximum adjustment is 150% of \$10,000 (the CMP in effect on November 2, 2015), or \$15,000. The increase does not exceed the maximum adjustment. Therefore, the maximum CDTA-based CMP effective August 1, 2016 is increased to the inflation-adjusted amount of \$12,856 per violation.

The table below summarizes the changes to the penalty amounts:

<i>Statute</i>	<i>Existing Penalty Amount</i>	<i>Penalty Amount Effective August 1, 2016</i>
<u>TWEA</u>	\$65,000	\$83,864
<u>IEEPA</u>	The greater of \$250,000 or twice the amount of the underlying transaction.	The greater of \$284,582 or twice the amount of the underlying transaction.
<u>AEDPA</u>	The greater of \$55,000 or twice the amount of which a financial institution was required to retain possession or control.	The greater of \$75,122 or twice the amount of which a financial institution was required to retain possession or control.
<u>FNKDA</u>	\$1,075,000	\$1,414,020
<u>CDTA</u>	\$10,000	\$12,856

The regulations for many of the sanctions programs administered by OFAC, as well as the Reporting, Procedures and Penalties Regulations and the Economic Sanctions Enforcement Guidelines appended thereto, contain references to the current penalty amounts. This interim final rule revises the relevant parts of 31 CFR chapter V to update these amounts. The authority sections of the relevant parts are not being amended at this time.

This interim final rule also makes certain technical and conforming changes to the Enforcement Guidelines. For example, OFAC is removing one of the examples of a blocked transaction appearing at 31 CFR 501.604(b) because it refers to conduct that is no longer prohibited following the issuance of Executive Order 13350 of July 29, 2004.

Effective Date

The FCPIA Act requires agencies to make adjustments for inflation to CMPs and to provide new CMPs through an interim final rulemaking to be published by July 1, 2016. The FCPIA Act further provides that the adjustments for inflation shall take effect no later than August 1, 2016.

Procedural Requirements

Notice and Comment

As required by the FCPIA Act, these amendments are being published as an interim final rule with an effective date of August 1, 2016. Although other notice and comment procedures are not required, OFAC invites comments on this notice.

Regulatory Flexibility Act

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 Paperwork Reduction Act does not apply because this rule does not impose information collection requirements that would require the approval of the Office of Management and Budget under 44 U.S.C. 3501 et seq.

List of Subjects for 31 CFR Parts 501, 535, 536, 537, 538, 539, 541, 542, 543, 544, 546, 547, 548, 549, 560, 561, 566, 576, 588, 592, 593, 594, 595, 597, and 598

Administrative practice and procedure, Banks, Banking, Blocking of assets, Exports, Foreign trade, Licensing, Penalties, Sanctions.

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

PART 501—REPORTING, PROCEDURES AND PENALTIES REGULATIONS

1. The authority citation for part 501 continues to read as follows:

Authority: 8 U.S.C. 1189; 18 U.S.C. 2332d, 2339B; 19 U.S.C. 3901-3913; 21 U.S.C. 1901-1908; 22 U.S.C. 287c; 22 U.S.C. 2370(a), 6009, 6032, 7205; 28 U.S.C. 2461 note; 31 U.S.C. 321(b); 50 U.S.C. 1701-1706; 50 U.S.C. App. 1-44.

Subpart C—Reports

§ 501.604 [Amended]

2. Amend § 501.604 by removing paragraph (b)(2) and redesignating paragraphs (b)(3) through (5) as paragraphs (b)(2) through (4), respectively.

Subpart D—Trading With the Enemy Act (TWEA) Penalties

3. Amend § 501.701 by adding a note to paragraph (a)(1) and revising paragraph (a)(3) to read as follows:

§ 501.701 Penalties

(a) * * *

(1) * * *

Note 1 to paragraph (a)(1): As of August 1, 2016, TWEA provides for a maximum civil penalty not to exceed \$83,864.

* * * * *

(3) The Secretary of the Treasury may impose a civil penalty of not more than \$83,864 per violation on any person who violates any license, order, or regulation issued under TWEA.

Note to paragraph (a)(3): The current civil penalty cap may be adjusted for inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, as amended, 28 U.S.C. 2461 note).

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4. Amend appendix A to part 501 by revising section V.B.2.a to read as follows:

Appendix A to Part 501—Economic Sanctions Enforcement Guidelines

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V. Civil Penalties

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B. * * *

2. * * *

a. Base Category Calculation

i. In a non-egregious case, if the apparent violation is disclosed through a voluntary self-disclosure by the Subject Person, the base amount of the proposed civil penalty in the Pre-Penalty Notice shall be one-half of the transaction value, capped at a maximum base amount of \$142,291 per violation, except where the statutory maximum penalty applicable to the apparent violation is less than \$284,582, in which case the base amount of the proposed civil penalty in the Pre-Penalty Notice shall be capped at one-half the statutory maximum penalty applicable to the apparent violation.

ii. In a non-egregious case, if the apparent violation comes to OFAC's attention by means other than a voluntary self-disclosure, the base amount of the proposed civil penalty in the Pre-Penalty Notice shall be the “applicable schedule amount,” as defined above. For apparent violations where the statutory maximum penalty applicable to the apparent violation is \$284,582 or greater, the maximum base amount shall be capped at \$284,582. For apparent violations where the statutory maximum penalty applicable to the apparent violation is less than \$284,582, the maximum base amount shall be capped at the statutory maximum penalty amount applicable to the apparent violation.

iii. In an egregious case, if the apparent violation is disclosed through a voluntary self-disclosure by a Subject Person, the base amount of the proposed civil penalty in the

Pre-Penalty Notice shall be one-half of the applicable statutory maximum penalty applicable to the violation.

iv. In an egregious case, if the apparent violation comes to OFAC's attention by means other than a voluntary self-disclosure, the base amount of the proposed civil penalty in the Pre-Penalty Notice shall be the applicable statutory maximum penalty amount applicable to the violation.

Note to paragraph (a): As of August 1, 2016, the applicable statutory maximum civil penalty per violation for each statute enforced by OFAC is as follows: International Emergency Economic Powers Act (IEEPA) — greater of \$284,582 or twice the amount of the underlying transaction; Trading with the Enemy Act (TWEA) — \$83,864; Foreign Narcotics Kingpin Designation Act (FNKDA) — \$1,414,020; Antiterrorism and Effective Death Penalty Act of 1996 (AEDPA) — greater of \$75,122 or twice the amount of which a financial institution was required to retain possession or control; and Clean Diamond Trade Act (CDTA) — \$12,856. The civil penalty amounts authorized under these statutes 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).

The following matrix represents the base amount of the proposed civil penalty for each category of violation:

BASE PENALTY MATRIX

Egregious Case

		NO	YES
Voluntary Self-Disclosure	YES	(1) One-Half of Transaction Value (capped at <u>lesser</u> of \$142,291 <u>or</u> one-half of the applicable statutory maximum per violation)	(3) One-Half of Applicable Statutory Maximum
	NO	(2) Applicable Schedule Amount (capped at <u>lesser</u> of \$284,582 <u>or</u> the applicable statutory maximum per violation)	(4) Applicable Statutory Maximum

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PART 535—IRANIAN ASSETS CONTROL REGULATIONS

5. The authority citation for part 535 continues to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 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. 12170, 44 FR 65729, 3 CFR, 1979 Comp., p. 457; E.O. 12205, 45 FR 24099, 3 CFR, 1980 Comp., p. 248; E.O. 12211, 45 FR 26685, 3 CFR, 1980 Comp., p. 253; E.O. 12276, 46 FR 7913, 3 CFR, 1981 Comp., p. 104; E.O. 12279, 46 FR 7919, 3

CFR, 1981 Comp., p. 109; E.O. 12280, 46 FR 7921, 3 CFR, 1981 Comp., p. 110; E.O. 12281, 46 FR 7923, 3 CFR, 1981 Comp., p. 112; E.O. 12282, 46 FR 7925, 3 CFR, 1981 Comp., p. 113; E.O. 12283, 46 FR 7927, 3 CFR, 1981 Comp., p. 114; and E.O. 12294, 46 FR 14111, 3 CFR, 1981 Comp., p. 139.

Subpart G—Penalties.

6. Revise the note to paragraph (a)(1) of § 535.701 to read as follows:

§ 535.701 Penalties

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of the Act is the greater of \$284,582 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.

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PART 536—NARCOTICS TRAFFICKING SANCTIONS REGULATIONS

7. The authority citation for part 536 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. 12978, 60 FR 54579, 3 CFR, 1995 Comp., p. 415; E.O. 13286, 68 FR 10619, 3 CFR, 2003 Comp., p. 166.

Subpart G—Penalties

8. Revise the note to paragraph (a)(1) of § 536.701 to read as follows:

§ 536.701 Penalties

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of the Act is the greater of \$284,582 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.

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PART 537—BURMESE SANCTIONS REGULATIONS

9. The authority citation for part 537 continues 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); Sec. 570, Pub. L. 104-208, 110 Stat. 3009; Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1701 note); Pub. L. 110-286, 122 Stat. 2632 (50 U.S.C. 1701 note); E.O. 13047, 62 FR 28301, 3 CFR, 1997 Comp., p. 202; E.O. 13310, 68 FR 44853, 3 CFR, 2003 Comp., p. 241; E.O. 13448, 72 FR 60223, 3 CFR, 2007 Comp., p. 304; E.O. 13464, 73 FR 24491, 3 CFR, 2008 Comp., p. 189; E.O. 13619, 77 FR 41243, 3 CFR, 2012 Comp., p. 279; E.O. 13651, 78 FR 48793 (August 9, 2013); Determination No. 2009-11, 74 FR 3957, 3 CFR, 2009 Comp., p. 330.

Subpart G—Penalties

10. Revise the note to paragraph (a)(1) of § 537.701 to read as follows:

§ 537.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 538—SUDANESE SANCTIONS REGULATIONS

11. The authority citation for part 538 continues to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 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); 22 U.S.C. 7201-7211; Pub. L. 109-344, 120 Stat. 1869; Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230; E.O. 13412, 71 FR 61369, 3 CFR, 2006 Comp., p. 244.

Subpart G—Penalties

12. Revise the note to paragraph (a)(1) of § 538.701 to read as follows:

§ 538.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of the Act is the greater of \$284,582 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.

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PART 539—WEAPONS OF MASS DESTRUCTION TRADE CONTROL REGULATIONS

13. The authority citation for part 539 continues to read as follows:

Authority: 3 U.S.C. 301; 22 U.S.C. 2751-2799aa-2; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110-96, 121 Stat. 1011; E.O. 12938, 59 FR 59099, 3 CFR, 1994 Comp., p. 950; E.O. 13094, 63 FR 40803, 3 CFR, 1998 Comp., p. 200.

Subpart G—Penalties

14. Revise the note to paragraph (a)(1) of § 539.701 to read as follows:

§ 539.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of the Act is the greater of \$284,582 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.

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PART 541—ZIMBABWE SANCTIONS REGULATIONS

15. The authority citation for part 541 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 (50 U.S.C. 1705 note); E.O. 13288, 68 FR 11457, 3 CFR, 2003 Comp., p. 186; E.O. 13391,

70 FR 71201, 3 CFR, 2005 Comp., p. 206; E.O. 13469, 73 FR 43841, 3 CFR, 2008 Comp., p. 1025.

Subpart G—Penalties

16. Revise the note to paragraph (a)(1) of § 541.701 to read as follows:

§ 541.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 542—SYRIAN SANCTIONS REGULATIONS

17. The authority citation for part 542 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 18 U.S.C. 2332d; 22 U.S.C. 287c; 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 (50 U.S.C. 1701 note); E.O. 13338, 69 FR 26751, 3 CFR, 2004 Comp., p. 168; E.O. 13399, 71 FR 25059, 3 CFR, 2006 Comp., p. 218; E.O. 13460, 73 FR 8991, 3 CFR 2008 Comp., p. 181; E.O. 13572, 76 FR 24787, 3 CFR 2011 Comp., p. 236; E.O. 13573, 76 FR 29143, 3 CFR 2011 Comp., p. 241; E.O. 13582, 76 FR 52209, 3 CFR 2011 Comp., p. 264; E.O. 13606, 77 FR 24571, 3 CFR 2012 Comp., p. 243.

Subpart G—Penalties

18. Revise the note to paragraph (a)(1) of § 542.701 to read as follows:

§ 542.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 543—COTE D’IVOIRE SANCTIONS REGULATIONS

19. The authority citation for part 543 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; 22 U.S.C. 287c; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); E.O. 13396, 71 FR 7389, 3 CFR, 2006 Comp., p. 209.

Subpart G—Penalties

20. Revise the note to paragraph (a)(1) of § 543.701 to read as follows:

§ 543.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 544—WEAPONS OF MASS DESTRUCTION PROLIFERATORS SANCTIONS REGULATIONS

21. The authority citation for part 544 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; Public Law 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Public Law 110-96, 121 Stat. 1011; E.O. 12938, 59 FR 59099, 3 CFR, 1994 Comp., p. 950; E.O. 13094, 63 FR 40803, 3 CFR, 1998 Comp., p. 200; E.O. 13382, 70 FR 38567, 3 CFR, 2005 Comp., p. 170.

Subpart G—Penalties

22. Revise the note to paragraph (a)(1) of § 544.701 to read as follows:

§ 544.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 546—DARFUR SANCTIONS REGULATIONS

23. The authority citation for part 546 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; 22 U.S.C. 287c; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230; E.O. 13400, 71 FR 25483, 3 CFR, 2006 Comp., p. 220.

Subpart G—Penalties

24. Revise the note to paragraph (a)(1) of § 546.701 to read as follows:

§ 546.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 547—DEMOCRATIC REPUBLIC OF THE CONGO SANCTIONS REGULATIONS

25. The authority citation for part 547 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; 22 U.S.C. 287c; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); E.O. 13413, 71 FR 64105, 3 CFR, 2006 Comp., p. 247.

Subpart G—Penalties

26. Revise the note to paragraph (a)(1) of § 547.701 to read as follows:

§ 547.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 548—BELARUS SANCTIONS REGULATIONS

27. The authority citation for part 548 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 (50 U.S.C. 1705 note); E.O. 13405, 71 FR 35485; 3 CFR, 2007 Comp., p. 231.

Subpart G—Penalties

28. Revise the note to paragraph (a)(1) of § 548.701 to read as follows:

§ 548.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 549—LEBANON SANCTIONS REGULATIONS

29. The authority citation for part 549 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 (50 U.S.C. 1705 note); E.O. 13441, 72 FR 43499, 3 CFR, 2008 Comp., p. 232.

Subpart G—Penalties

30. Revise the note to paragraph (a)(1) of § 549.701 to read as follows:

§ 549.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 560—IRANIAN TRANSACTIONS AND SANCTIONS REGULATIONS

31. The authority citation for part 560 continues to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 22 U.S.C. 2349aa-9; 22 U.S.C. 7201-7211; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Public Law 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Public Law 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); Public Law 111-195, 124 Stat. 1312 (22 U.S.C. 8501-8551); Public Law 112-81, 125 Stat. 1298 (22 U.S.C. 8513a); Public Law 112-158, 126 Stat. 1214 (22 U.S.C. 8701-8795); E.O. 12613, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217; E.O. 13599, 77 FR 6659, 3 CFR, 2012 Comp., p. 215; E.O. 13628, 77 FR 62139, 3 CFR, 2012 Comp., p. 314.

Subpart G—Penalties

32. Revise the note to paragraph (a)(1) of § 560.701 to read as follows:

§ 560.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 561—IRANIAN FINANCIAL SANCTIONS REGULATIONS

33. The authority citation for part 561 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 (50 U.S.C. 1705 note); Pub. L. 111-195, 124 Stat. 1312 (22 U.S.C. 8501-8551); Pub. L. 112-81, 125 Stat. 1298 (22 U.S.C. 8513a); Pub. L. 112-158, 126 Stat. 1214 (22 U.S.C. 8701-8795); E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 13553, 75 FR 60567, 3 CFR, 2010 Comp., p. 253; E.O. 13599, 77 FR 6659, February 8, 2012; E.O. 13622, 77 FR 45897, August 2, 2012; E.O. 13628, 77 FR 62139, October 12, 2012.

Subpart G—Penalties

34. Revise the note to paragraph (a) of § 561.701 to read as follows:

§ 561.701 Penalties.

(a) * * *

Note to paragraph (a): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 566—HIZBALLAH FINANCIAL SANCTIONS REGULATIONS

35. The authority citation for part 566 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 (50 U.S.C. 1705 note); Pub. L. 114-102.

Subpart G—Penalties

36. Revise the note to paragraph (a) of § 566.701 to read as follows:

§ 566.701 Penalties.

(a) * * *

Note to paragraph (a): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

PART 576—IRAQ STABILIZATION AND INSURGENCY SANCTIONS REGULATIONS

37. The authority citation for part 576 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. 110-96, 121 Stat. 1011; 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.

Subpart G—Penalties

38. Revise the note to paragraph (a)(1) of § 576.701 to read as follows:

§ 576.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 588—WESTERN BALKANS STABILIZATION REGULATIONS

39. The authority citation for part 588 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 (50 U.S.C. 1705 note); E.O. 13219, 66 FR 34777, 3 CFR, 2001 Comp., p. 778; E.O. 13304, 68 FR 32315, 3 CFR, 2004 Comp. p. 229.

Subpart G—Penalties

40. Revise the note to paragraph (a)(1) of § 588.701 to read as follows:

§ 588.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 592—ROUGH DIAMONDS CONTROL REGULATIONS

41. The authority citation for part 592 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); Pub. L. 108-19, 117 Stat. 631 (19 U.S.C. 3901-3913); E.O. 13312, 68 FR 45151 3 CFR, 2003 Comp., p. 246.

Subpart F—Penalties

42. Amend § 592.601 by revising paragraphs (a) introductory text, (a)(1), and (b) to read as follows:

§ 592.601 Penalties.

(a) Section 8 of the Clean Diamond Trade Act (the Act) (Pub. L. 108-19, 117 Stat. 631, 19 U.S.C. 3901-3913) provides that:

(1) A civil penalty not to exceed the amount set forth in section 8 of the Act may be imposed on any person who violates, or attempts to violate, any order or regulation issued under the Act;

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of the Act is \$12,856.

* * * * *

(b) Adjustments to penalty amounts. (1) The civil penalties provided in the Act 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 the Act are subject to increase pursuant to 18 U.S.C. 3571.

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PART 593—FORMER LIBERIAN REGIME OF CHARLES TAYLOR
SANCTIONS REGULATIONS

43. The authority citation for part 593 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; 22 U.S.C. 287c; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110-96, 121 Stat. 1011; E.O. 13348, 69 FR 44885, 3 CFR, 2004 Comp., p. 189.

Subpart G—Penalties

44. Revise the note to paragraph (a)(1) of § 593.701 to read as follows:

§ 593.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of IEEPA is the greater of \$284,582 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.

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PART 594—GLOBAL TERRORISM SANCTIONS REGULATIONS

45. 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; E.O. 13372, 70 FR 8499, 3 CFR, 2006 Comp., p. 159.

Subpart G—Penalties

46. Revise the note to paragraph (a)(1) of § 594.701 to read as follows:

§ 594.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of the Act is the greater of \$284,582 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.

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PART 595—TERRORISM SANCTIONS REGULATIONS

47. 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; E.O. 13372, 70 FR 8499, 3 CFR, 2006 Comp., p. 159.

Subpart G—Penalties

48. Revise the note to paragraph (a)(1) of § 595.701 to read as follows:

§ 595.701 Penalties.

(a) * * *

(1) * * *

Note to paragraph (a)(1): As of August 1, 2016, the applicable maximum civil penalty per violation of the Act is the greater of \$284,582 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.

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**PART 597—FOREIGN TERRORIST ORGANIZATIONS SANCTIONS
REGULATIONS**

49. 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 G—Penalties

50. Revise paragraph (b) of § 597.701 to read as follows:

§ 597.701 Penalties.

* * * * *

(b)(1) Pursuant to 18 U.S.C. 2339B(b), except as authorized by the Secretary of the Treasury, any financial institution that knowingly fails to retain possession of or maintain control over funds in which a foreign terrorist organization or its agent has an interest, or to report the existence of such funds in accordance with these regulations, shall be subject to a civil penalty in an amount that is the greater of the amount set forth in 18 U.S.C. 2339B(b) per violation, or twice the amount of which the financial institution was required to retain possession or control.

(2) The civil penalties provided in 18 U.S.C. 2339B(b) 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).

Note to paragraph (b): As of August 1, 2016, the applicable maximum civil penalty per violation is \$75,122 or twice the amount of which a financial institution was required to retain possession or control.

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PART 598—FOREIGN NARCOTICS KINGPIN SANCTIONS REGULATIONS

51. The authority citation for part 598 continues to read as follows:

Authority: 3 U.S.C. 301; 21 U.S.C. 1901-1908; 31 U.S.C. 321(b); Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note).

Subpart G—Penalties.

52. Amend § 598.701 by revising paragraphs (a)(3) and (b) to read as follows:

§ 598.701 Penalties.

(a) * * *

(3) A civil penalty not to exceed the amount set forth in section 807 of the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901-1908) per violation may be imposed

by the Secretary of the Treasury on any person who violates any license, order, rule, or regulation issued in compliance with the provisions of the Foreign Narcotics Kingpin Designation Act.

Note to paragraph (a)(3): As of August 1, 2016, the maximum civil penalty is \$1,414,020 per violation.

(b) Adjustments to penalty amounts. (1) The current civil penalty cap may be adjusted for inflation 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 this part are subject to increase pursuant to 18 U.S.C. 3571.

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John E. Smith
Acting Director, Office of Foreign Assets Control.

BILLING CODE 4810-AL

[FR Doc. 2016-15552 Filed: 6/30/2016 8:45 am; Publication Date: 7/1/2016]