



DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 566, 590, and 594

Global Terrorism Sanctions Regulations; Transnational Criminal Organizations Sanctions Regulations; and Hizballah Financial Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is amending the Global Terrorism Sanctions Regulations (GTSR), and the Transnational Criminal Organizations Sanctions Regulations (TCOSR), to implement and reference the Hizballah International Financing Prevention Amendments Act of 2018 (HIFPAA). OFAC is also amending the GTSR to implement and reference the Sanctioning the Use of Civilians as Defenseless Shields Act of 2018 (Shields Act). OFAC is further amending the TCOSR to implement Executive Order 13863 of March 15, 2019 ("Taking Additional Steps to Address the National Emergency with respect to Significant Transnational Criminal Organizations"). Finally, OFAC is amending the Hizballah Financial Sanctions Regulations (HFSR), to make certain technical and conforming changes and to update certain provisions.

DATES: *Effective:* [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: OFAC: Assistant Director for Licensing, 202-622-2480; Assistant Director for Regulatory Affairs, 202-622-4855; or Assistant Director for Sanctions Compliance & Evaluation, 202-622-2490.

SUPPLEMENTARY INFORMATION:

Electronic Availability

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

Background

Implementing HIFPAA and the Shields Act in the GTSR and Implementing HIFPAA in the TCOSR.

HIFPAA. On October 25, 2018, the President signed HIFPAA into law. HIFPAA amends the Hizballah International Financing Prevention Act of 2015 (HIFPA), Public Law 114-102, to impose certain specified sanctions on: (1) foreign persons that knowingly assist in or provide significant support for fundraising or recruitment activities for Hizballah (section 101(a) of HIFPAA); (2) agencies of foreign states that knowingly provide certain significant support to Hizballah (section 103(a) of HIFPAA); and (3) affiliated networks of Hizballah (section 201(b) of HIFPAA).

More specifically, section 101(a) of HIFPAA provides for blocking sanctions on any foreign person that the President determines knowingly provides significant financial, material, or technological support for or to: (1) Bayt al-Mal, Jihad al-Bina, the Islamic Resistance Support Association, the Foreign Relations Department of Hizballah, the External Security Organization of Hizballah, or any successor or affiliate thereof as designated by the President; (2) al-Manar TV, al Nour Radio, or the Lebanese Media Group, or any successor or affiliate thereof as designated by the President; (3) a foreign person determined by the President to be engaged in fundraising or recruitment activities for Hizballah; or (4) a foreign person owned or controlled by a person described in paragraph (1), (2), or (3). Section 103(a) of HIFPAA provides for blocking sanctions on any agency or instrumentality of a foreign

state that the President determines has, on or after October 25, 2018 (the date of the enactment of HIFPAA), knowingly: (A) conducted significant joint combat operations with, or significantly supported combat operations of, Hizballah; or (B) provided significant financial support for or to, or significant arms or related materiel to, Hizballah.

Section 201(b) of HIFPAA provides for specified sanctions with respect to affiliated networks of Hizballah, including, as appropriate, by reason of significant transnational criminal activities engaged in by such networks. Section 201(b) requires the President to impose on such networks sanctions applicable with respect to Hizballah pursuant to any provision of law, including Executive Order (E.O.) 13581 (relating to blocking property of transnational organizations).

Section 301 of HIFPAA provides authority for the President to promulgate regulations “as necessary for the implementation of this Act and the amendments made by this Act.” Pursuant to the Presidential Memorandum of May 24, 2019, “Delegation of Function under the Hizballah International Financing Prevention Act of 2015, as Amended” (84 FR 24975, May 30, 2019), the President delegated the function vested in the President by section 102(d) of HIFPA, as amended by HIFPAA, to the Secretary of the Treasury, in consultation with the Secretary of State. Pursuant to the Presidential Memorandum of January 15, 2019, “Delegation of Functions and Authorities under the Hizballah International Financing Prevention Act of 2015, as Amended, and the Hizballah International Financing Prevention Amendments Act of 2018” (84 FR 3963, February 13, 2019), the President delegated, among other things, the functions and authorities set forth in sections 101(a), 101(b)(1), 102(a), 102(c), 102(d), 103(a), 201(a-b), 204(b), and 302 of HIFPA, as amended by HIFPAA, as well as section 301 of HIFPAA, to the Secretary of the Treasury, in coordination with the State

Department and other relevant departments and agencies.

Section 302(a) of HIFPAA provides for exemptions from the prohibitions in sections 101, 102, 103 and 201 for certain activities, including authorized U.S. intelligence, law enforcement or national security activities as well as transactions necessary for the U.S. to comply with United Nations obligations. These exemptions are being added to the GTSR in § 594.207.

Shields Act. On December 21, 2018, the President signed the Shields Act into law. The Shields Act states that it shall be U.S. policy to condemn the use of innocent civilians as human shields. Section 3(b) of the Shields Act provides that the President shall submit to Congress within one year, and annually thereafter until the expiration of the Shields Act on December 31, 2023, a list of: (1) each foreign person that the President determines on or after December 21, 2018, is (A) a member of Hizballah or HAMAS or is knowingly acting on behalf of Hizballah or HAMAS and (B) knowingly orders, controls, or otherwise directs the use of civilians protected as such by the law of war to shield military objectives from attack; and (2) each foreign person or agency or instrumentality of a foreign state, that the President determines on or after December 21, 2018, knowingly and materially directs or supports any such act by such a person. Sections 3(a)(1) and (d) require the President, with certain exceptions, to exercise powers granted by the International Emergency Economic Powers Act (IEEPA) to the extent necessary to block, and prohibit all transactions in, all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person of a listed person.

Section 3(c) of the Shields Act urges the President to submit to Congress within one year, and annually thereafter until the expiration of the Shields Act on December 31, 2023, a

list of each foreign person that the President determines on or after December 21, 2018, knowingly directs the use of civilians protected by the law of war to shield military objectives from attack, excluding those foreign persons included in the most recent mandatory sanctions list under Section 3(b). Sections 3(a)(2) and (d) provide that the President may, with certain exceptions, exercise powers granted by IEEPA to the extent necessary to block, and prohibit all transactions in, all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person of a listed person.

Section 3(h)(2) of the Shields Act provides authority for the President to promulgate regulations “as may be necessary to implement this section.” Pursuant to the “Delegation of Functions and Authorities under the Sanctioning the Use of Civilians as Defenseless Shields Act,” May 24, 2019, and Public Law 115–348, the President delegated to the Secretary of the Treasury, in consultation with the Secretary of State, the functions and authorities vested in the President by sections 3(a), 3(b), 3(c), 3(d)(1), and 3(h) of the Shields Act.

Regulatory Amendments. The GTSR, 31 CFR part 594, implements E.O. 13224 of September 23, 2001 (“Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism”), in which the President declared a national emergency generally with respect to “grave acts of terrorism and threats of terrorism committed by foreign terrorists.”

Subpart B of the GTSR implements the prohibitions contained in E.O. 13224. *See* § 594.201. This rule amends § 594.201 of the GTSR to implement the additional sanctions prohibitions of HIFPAA and the Shields Act. Persons designated by or under the authority of the Secretary of the Treasury, in consultation with the Secretary of State, pursuant to these

amendments or otherwise subject to blocking pursuant to the GTSR are referred to throughout the GTSR as “persons whose property and interests in property are blocked pursuant to § 594.201(a).” The names of persons designated pursuant to the HIFPAA, the Shields Act, or E.O. 13224 are published on OFAC’s Specially Designated Nationals and Blocked Persons List (SDN List), which is accessible via OFAC’s website. Those names also are published in the *Federal Register* as they are added to the SDN List.

In addition, in subpart C, which defines key terms used throughout the GTSR, OFAC is adding several definitions. Specifically, OFAC is adding definitions for *agency or instrumentality of a foreign state* in new § 594.318, *HAMAS* in new § 594.319, *Hizballah* in new § 594.320, *knowingly* in new § 594.321, and *arms or related material* in new § 594.322.

As noted above, section 201(b) of HIFPAA also provides for blocking sanctions with respect to affiliated networks of Hizballah, including, as appropriate, by reason of significant transnational criminal activities engaged in by such networks. The TCOSR, 31 CFR part 590, implement E.O. 13581 of July 24, 2011 (“Blocking Property of Transnational Criminal Organizations”), in which the President declared a national emergency generally with respect to the activities of “significant transnational criminal organizations.” Accordingly, OFAC is amending the TCOSR to reference the authorities from section 201(b) of HIFPAA.

The President, through the issuance of E.O. 13224 and E.O. 13581, has put in place prohibitions and designation criteria that encompass all of the prohibitions and designation criteria contained in the provisions of HIFPAA and the Shields Act discussed above and has thereby already taken the steps necessary to implement those provisions. OFAC is issuing these amendments to the GTSR and the TCOSR to reflect the various provisions of HIFPAA and the Shields Act in the GTSR and the TCOSR.

Implementing E.O. 13863.

On March 15, 2019, the President, invoking the authority of, *inter alia*, IEEPA, issued E.O.13863 (84 FR 10255, March 15, 2019) (E.O. 13863). In E.O. 13863, the President took additional steps to deal with the national emergency with respect to significant transnational criminal organizations declared in E.O. 13581, in view of the evolution of these organizations as well as the increasing sophistication of their activities, which threaten international political and economic systems and pose a direct threat to the safety and welfare of the United States and its citizens, and given the ability of these organizations to derive revenue through widespread illegal conduct, including acts of violence and abuse that exhibit a wanton disregard for human life as well as many other crimes enriching and empowering these organizations. E.O. 13863 amends subsection (e) of section 3 of E.O. 13581 to define the term “significant transnational criminal organization” to mean “a group of persons that includes one or more foreign persons; that engages in or facilitates an ongoing pattern of serious criminal activity involving the jurisdictions of at least two foreign states, or one foreign state and the United States; and that threatens the national security, foreign policy, or economy of the United States.”

OFAC is amending the TCOSR to implement E.O. 13863, pursuant to authorities delegated to the Secretary of the Treasury in E.O. 13581. Specifically, OFAC is amending § 590.201 of the TCOSR to reference E.O. 13863 and is incorporating the amended definition of *significant transnational criminal organization* into the TCOSR by adding new § 590.315. The TCOSR were published in abbreviated form for the purpose of providing immediate guidance to the public. A copy of E.O. 13581 appears in appendix A and a copy of E.O. 13863 is being added in a new appendix B to part 590. OFAC intends to supplement part 590

with a more comprehensive set of regulations, which may include additional interpretive and definitional guidance, general licenses, and statements of licensing policy. The appendices to part 590 will be removed at that time.

Technical Amendments to the Hizballah Financial Sanctions Regulations (HFSR).

On April 15, 2016, OFAC published the HFSR (81 FR 22185, April 15, 2016) to implement the requirements of the HIFPA. This rule amends the HFSR to make certain technical and conforming changes and to update certain provisions.

First, in § 566.309, this rule corrects two internal references to § 566.304 to read: “covered financial institution, as defined in § 566.303.” Second, in subpart G of the HFSR, which describes the civil and criminal penalties applicable to violations of the HFSR, OFAC is adding new § 566.705 regarding the procedures governing the potential issuance of a Finding of Violation and makes conforming changes by removing other references to a Finding of Violation in §§ 566.702 and 566.703. Third, OFAC is revising § 501.901 to reflect approval by the Office of Management and Budget (OMB) of the information collection set forth in § 566.504(b).

Finally, section 302(a) of HIFPAA provides for exemptions from the prohibitions in sections 101, 102, 103, and 201 for certain activities, including authorized U.S. intelligence, law enforcement or national security activities as well as transactions necessary for the U.S. to comply with United Nations obligations. These exemptions are being added to the HFSR in § 566.203.

Public Participation

Because the amendments of the GTSR, the TCOSR, and the HFSR involve a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure

Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, as well as the provisions of Executive Order 13771, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

Paperwork Reduction Act

The collections of information in the TCOSR, the GTSR, and § 566.601 of the HFSR are made pursuant to the Reporting, Procedures and Penalties Regulations (RPPR), 31 CFR part 501, and have been approved by OMB under control number 1505-0164. The collection of information in § 566.504(b) of the HFSR has been approved by OMB under control number 1505-0255.

With respect to all of the foregoing collections of information, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

List of Subjects

31 CFR Part 566

Administrative practice and procedure, Banks, banking, Brokers, Foreign trade, Hizballah, Investments, Loans, Money laundering, Penalties, Securities, Services.

31 CFR Part 590

Administrative practice and procedure, Banks, banking, Blocking of assets, Credit, Foreign financial institutions, Foreign trade, Loans, Money laundering, Penalties, Reporting and recordkeeping requirements, Services.

31 CFR Part 594

Administrative practice and procedure, Banks, banking, Blocking of assets, Penalties, Reporting and recordkeeping requirements, Sanctions, Terrorism.

Authority and Issuance

For the reasons set forth in the preamble, the Department of the Treasury's Office of Foreign Assets Control amends 31 CFR parts 566, 590 and 594 as follows:

PART 566—HIZBALLAH FINANCIAL SANCTIONS REGULATIONS

1. Revise the authority citation for part 566 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, 129 Stat. 2205 (50 U.S.C. 1701 note); Pub. L. 115-272, 132 Stat. 4144 (50 U.S.C. 1701 note).

Subpart B—Prohibitions

2. Add § 566.203 to read as follows:

§ 566.203 Exempt transactions.

Sanctions will not be imposed under § 566.201 with respect to:

(a) Any authorized intelligence, law enforcement, or national security activities of the United States.

(b) Any transaction necessary to comply with United States obligations under the Agreement between the United Nations and the United States of America regarding the Headquarters of the United States, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, or the Convention on Consular Relations, done at Vienna April 24, 1963, and entered into force March 19, 1967, or any other United States international agreement.

Subpart C—General Definitions

3. Revise § 566.309(a)(2) and (3) to read as follows:

§ 566.309 Foreign financial institution.

(a) * * *

(2) Any branch or office located outside the United States of a covered financial institution, as defined in § 566.303;

(3) Any other person organized under foreign law (other than a branch or office of such person in the United States) that, if it were located in the United States, would be a covered financial institution, as defined in § 566.303; and

* * * * *

4. Revise the heading for subpart G to read as follows:

Subpart G—Penalties and Finding of Violation

5. Revise § 566.702(a) and (d) to read as follows:

§ 566.702 Pre-Penalty Notice; settlement.

(a) *When required.* If OFAC 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, 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 the International Emergency Economic Powers Act (50 U.S.C. 1701-1706) and determines that a civil monetary penalty is warranted, OFAC 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.

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

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6. Revise § 566.703 to read as follows:

§ 566.703 Penalty imposition.

If, after considering any written response to the Pre-Penalty Notice and any relevant facts, OFAC determines that there was a violation by the alleged violator named in the Pre-Penalty Notice and that a civil monetary penalty is appropriate, OFAC 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.

7. Add § 566.705 to read as follows:

§ 566.705 Finding of Violation.

(a) *When issued.* (1) OFAC may issue an initial Finding of Violation that identifies a violation if OFAC:

(i) Determines that there has occurred a violation of any provision of this part, or a violation 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 the International Emergency Economic Powers Act

(50 U.S.C. 1701-1706);

(ii) Considers it important to document the occurrence of a violation; and,

(iii) Based on the Guidelines contained in appendix A to part 501 of this chapter, concludes that an administrative response is warranted but that a civil monetary penalty is not the most appropriate response.

(2) An initial Finding of Violation shall be in writing and may be issued whether or not another agency has taken any action with respect to the matter. For additional details concerning issuance of a Finding of Violation, see appendix A to part 501 of this chapter.

(b) *Response*—(1) *Right to respond*. An alleged violator has the right to contest an initial Finding of Violation by providing a written response to OFAC.

(2) *Deadline for response; Default determination*. A response to an initial Finding of Violation must be made within 30 days as set forth in paragraphs (b)(2)(i) and (ii) of this section. The failure to submit a response within 30 days shall be deemed to be a waiver of the right to respond, and the initial Finding of Violation will become final and will constitute final agency action. The violator has the right to seek judicial review of that final agency action in federal district court.

(i) *Computation of time for response*. A response to an initial Finding of Violation must be postmarked or date-stamped by the U.S. Postal Service (or foreign postal service, if mailed abroad) or courier service provider (if transmitted to OFAC by courier) on or before the 30th day after the postmark date on the envelope in which the initial Finding of Violation was served. If the initial Finding of Violation was personally delivered by a non-U.S. Postal Service agent authorized by OFAC, 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 OFAC, only upon specific request to OFAC.

(3) *Form and method of response.* A response to an initial Finding of Violation need not be in any particular form, but it must be typewritten and signed by the alleged violator or a representative thereof, contain information sufficient to indicate that it is in response to the initial Finding of Violation, and include the OFAC identification number listed on the initial Finding of Violation. A copy of the written response may be sent by facsimile, but the original also must be sent to OFAC by mail or courier and must be postmarked or date-stamped in accordance with paragraph (b)(2) of this section.

(4) *Information that should be included in response.* Any response should set forth in detail why the alleged violator either believes that the alleged violation did not occur and/or why a Finding of Violation is otherwise unwarranted under the circumstances, with reference to the General Factors Affecting Administrative Action set forth in the Guidelines contained in appendix A to part 501 of this chapter. The response should include all documentary or other evidence available to the alleged violator that supports the arguments set forth in the response. OFAC will consider all relevant materials submitted in the response.

(c) *Determination—(1) Determination that a Finding of Violation is warranted.* If, after considering the response, OFAC determines that a final Finding of Violation should be issued, OFAC will issue a final Finding of Violation that will inform the violator of its decision. A final Finding of Violation shall constitute final agency action. The violator has the right to seek judicial review of that final agency action in Federal district court.

(2) *Determination that a Finding of Violation is not warranted.* If, after considering the response, OFAC determines a Finding of Violation is not warranted, then OFAC will inform the alleged violator of its decision not to issue a final Finding of Violation.

Note 1 to paragraph (c)(2): A determination by OFAC that a final Finding of Violation is not warranted does not preclude OFAC from pursuing other enforcement actions consistent with the Guidelines contained in appendix A to part 501 of this chapter.

(d) *Representation.* A representative of the alleged violator may act on behalf of the alleged violator, but any oral communication with OFAC prior to a written submission regarding the specific alleged violations contained in the initial Finding of Violation must be preceded by a written letter of representation, unless the initial Finding of Violation was served upon the alleged violator in care of the representative.

Subpart I—Paperwork Reduction Act

8. Revise § 566.901 to read as follows:

§ 566.901 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, and other procedures, see § 501.901 of this chapter. The information collection in § 566.504(b) has been approved by OMB and assigned control number 1505-0255. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

PART 590—TRANSNATIONAL CRIMINAL ORGANIZATIONS SANCTIONS REGULATIONS

9. Revise the authority citation for part 590 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. 115-272, 132 Stat. 4144 (50 U.S.C. 1701 note); E.O. 13581, 76 FR 44757, 3 CFR, 2011 Comp., p. 260; E.O. 13863, 84 FR 10255, March 15, 2019.

Subpart B—Prohibitions

§ 590.201 [Amended]

10. Amend § 590.201 by adding the text “, as amended by Executive Order 13863 of March 15, 2019 (84 FR 10255, March 15, 2019),” before the text “are also prohibited.”

Subpart C—Definitions

11. Add § 590.315 to read as follows:

§ 590.315 Significant transnational criminal organization.

The term *significant transnational criminal organization* means a group of persons that includes one or more foreign persons; that engages in or facilitates an ongoing pattern of serious criminal activity involving the jurisdictions of at least two foreign states, or one foreign state and the United States; and that threatens the national security, foreign policy, or economy of the United States.

12. Add § 590.316 to read as follows:

§ 590.316 Hizballah.

The term *Hizballah* means:

(a) The entity known as Hizballah and designated by the Secretary of State as a foreign terrorist organization pursuant to section 219 of the Immigration and Nationality Act (8 U.S.C. 1189); or

(b) Any person:

(1) The property and interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*); and

(2) Who is identified on the Specially Designated Nationals and Blocked Persons List (SDN List) maintained by OFAC as an agent, instrumentality, or affiliate of Hizballah.

13. Add appendix B to part 590 to read as follows:

Appendix B to Part 590—Executive Order 13863

Executive Order 13863 of March 15, 2019

Taking Additional Steps to Address the National Emergency with respect to Significant Transnational Criminal Organizations

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3, United States Code;

I, DONALD J. TRUMP, President of the United States of America, in order to take additional steps to deal with the national emergency with respect to significant transnational criminal organizations declared in Executive Order 13581 of July 24, 2011 (Blocking Property of Transnational Criminal Organizations), in view of the evolution of these organizations as well as the increasing sophistication of their activities, which threaten international political and economic systems and pose a direct threat to the safety and welfare of the United States and its citizens, and given the ability of these organizations to derive revenue through widespread illegal conduct, including acts of violence and abuse that exhibit

a wanton disregard for human life as well as many other crimes enriching and empowering these organizations, hereby order:

Section 1. Subsection (e) of section 3 of Executive Order 13581 is hereby amended to read as follows:

“(e) the term “significant transnational criminal organization” means a group of persons that includes one or more foreign persons; that engages in or facilitates an ongoing pattern of serious criminal activity involving the jurisdictions of at least two foreign states, or one foreign state and the United States; and that threatens the national security, foreign policy, or economy of the United States.”

Sec. 2. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP

THE WHITE HOUSE

March 15, 2019

PART 594—GLOBAL TERRORISM SANCTIONS REGULATIONS

14. Revise the authority citation for part 594 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 (50 U.S.C. 1705 note); Pub. L. 115-44, 131 Stat. 886 (22 U.S.C. 9401 *et seq.*); 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; Pub. L. 115-348, 132 Stat. 5055 (50 U.S.C. 1701 note); Pub. L. 115-272, 132 Stat. 4144 (50 U.S.C. 1701 note).

Subpart B—Prohibitions

15. Amend § 594.201 by:

- a. Revising paragraph (a)(4)(ii).
- b. In paragraph (a)(5), removing the period at the end of the paragraph and adding a semicolon in its place.
- c. Adding paragraphs (a)(6) through (11) and (c).

The revision and additions read as follows:

§ 594.201 Prohibited transactions involving blocked property.

(a) * * *

(4) * * *

(ii) To be otherwise associated with any person whose property or interests in property are blocked pursuant to paragraph (a)(1), (2), or (3) or (a)(4)(i) of this section;

* * * * *

(6) Foreign persons determined by the Secretary of the Treasury, in consultation with the Secretary of State, to knowingly provide significant financial, material, or technological support for or to:

(i) Bayt al-Mal, Jihad al-Bina, the Islamic Resistance Support Association, the Foreign Relations Department of Hizballah, the External Security Organization of Hizballah, or any successor or affiliate thereof as designated by the Secretary of the Treasury, in consultation with the Secretary of State;

(ii) Al-Manar TV, al Nour Radio, or the Lebanese Media Group, or any successor or affiliate thereof as designated by the Secretary of the Treasury, in consultation with the Secretary of State;

(iii) A foreign person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to be engaged in fundraising or recruitment activities for Hizballah; or

(iv) A foreign person owned or controlled by a person described in paragraph (a)(6)(i), (ii), or (iii) of this section;

(7) Agencies or instrumentalities of a foreign state determined by the Secretary of the Treasury, in consultation with the Secretary of State, to have, on or after October 25, 2018, knowingly:

(i) Conducted significant joint combat operations with, or significantly supported combat operations of, Hizballah; or

(ii) Provided significant financial support for or to, or significant arms or related materiel to, Hizballah;

(8) Foreign persons included on a list provided to Congress under paragraph (b) of Section 3 of the Sanctioning the Use of Civilians as Defenseless Shields Act of 2018 (Public Law 115-348) (Shields Act) because they have been determined by the Secretary of the Treasury, in consultation with the Secretary of State, on or after December 21, 2018:

(i) To be a member of Hizballah or to be knowingly acting on behalf of Hizballah; and

(ii) To knowingly order, control, or otherwise direct the use of civilians protected as such by the law of war to shield military objectives from attack;

(9) Foreign persons included on a list provided to Congress under paragraph (b) of Section 3 of the Shields Act because they have been determined by the Secretary of the Treasury, in consultation with the Secretary of State, on or after December 21, 2018:

(i) To be a member of HAMAS or to be knowingly acting on behalf of Hamas; and

(ii) To knowingly order, control, or otherwise direct the use of civilians protected as such by the law of war to shield military objectives from attack;

(10) Foreign persons, agencies, or instrumentalities of a foreign state, included on a list provided to Congress under paragraph (b) of Section 3 of the Shields Act because they have been determined by the Secretary of the Treasury, in consultation with the Secretary of State, on or after December 21, 2018, to knowingly and materially support, order, control, direct, or otherwise engage in:

(i) Any act described in paragraph (a)(8)(ii) of this section by a person described in paragraph (a)(8) of this section; or

(ii) Any act described in paragraph (a)(9)(ii) of this section by a person described in paragraph (a)(9) of this section; or

(11) Foreign persons included on a list provided to Congress under paragraph (c) of Section 3 of the Shields Act because they have been determined by the Secretary of the Treasury, in consultation with the Secretary of State, on or after December 21, 2018, to knowingly order, control, or otherwise direct the use of civilians protected as such by the law of war to shield military objectives from attack, and with respect to which the Secretary of the Treasury, in consultation with the Secretary of State, has exercised the authority to block all property and interests in property.

* * * * *

(c) The prohibitions in paragraph (a) of this section do not apply to the importation of any goods that would otherwise be prohibited solely due to the interest of a person whose property and interests in property are blocked solely pursuant to paragraph (a)(6) or (7) of this section. For the purposes of this paragraph (c), the term “goods” means any articles, natural or manmade substance, material, supply or manufactured product, including inspection and test equipment, and excluding technical data.

* * * * *

16. Add § 594.207 to read as follows:

§ 594.207 Exempt transactions.

The prohibitions contained in § 594.201(a)(6) and (7) do not apply to the following activities:

(a) Any authorized intelligence, law enforcement, or national security activities of the United States; or

(b) Any transaction necessary to comply with United States obligations under the Agreement between the United Nations and the United States of America regarding the

Headquarters of the United States, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, or the Convention on Consular Relations, done at Vienna April 24, 1963, and entered into force March 19, 1967, or any other United States international agreement.

Subpart C—Definitions

17. Add § 594.318 to read as follows:

§ 594.318 Agency or instrumentality of a foreign state.

The term *agency or instrumentality of a foreign state* has the meaning given that term in section 1603(b) of title 28, United States Code.

18. Add § 594.319 to read as follows:

§ 594.319 HAMAS.

The term *HAMAS* means:

(a) The entity known as HAMAS and designated by the Secretary of State as a foreign terrorist organization pursuant to section 219 of the Immigration and Nationality Act (8 U.S.C. 1189); or

(b) Any person:

(1) The property and interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*); and

(2) Who is identified on the Specially Designated Nationals and Blocked Persons List (SDN List) maintained by OFAC as an agent, instrumentality, or affiliate of HAMAS.

Note 1 to § 594.319: The SDN List is accessible through the following page on OFAC's website: www.treasury.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. Persons on the SDN List based on conduct

described in § 594.201(a)(9), (10), (11) are identified by a special reference at the end of their entries on the SDN List — “[SHIELD-ACT]” — in addition to the reference to the regulatory part of this chapter pursuant to which their property and interests in property are blocked. For example, a person whose property and interests in property are blocked pursuant to the Global Terrorism Sanctions Regulations, § 594.201(a)(9), (10), or (11), and identified on the SDN List will have the program tag “[SDGT]” and “[SHIELD-ACT].”

19. Add § 594.320 to read as follows:

§ 594.320 Hizballah.

The term *Hizballah* means:

(a) The entity known as Hizballah and designated by the Secretary of State as a foreign terrorist organization pursuant to section 219 of the Immigration and Nationality Act (8 U.S.C. 1189); or

(b) Any person:

(1) The property and interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*); and

(2) Who is identified on the Specially Designated Nationals and Blocked Persons List (SDN List) maintained by OFAC as an agent, instrumentality, or affiliate of Hizballah.

Note 1 to § 594.320: The SDN List is accessible through the following page on OFAC’s website: www.treasury.gov/sdn. Additional information pertaining to the SDN List can be found in appendix A to this chapter. Persons on the SDN List based on conduct described in § 594.201(a)(8), (10), and (11) are identified by a special reference at the end of their entries on the SDN List — “[SHIELD-ACT]” — in addition to the reference to the regulatory part of this chapter pursuant to which their property and interests in property are

blocked. For example, a person whose property and interests in property are blocked pursuant to the Global Terrorism Sanctions Regulations, § 594.201(a)(8), (10), or (11), and identified on the SDN List will have the program tag “[SDGT]” and “[SHIELD-ACT]”. Persons on the SDN List based on conduct described in § 594.201(a)(6) and (7) are identified by a special reference at the end of their entries on the SDN List — “[HIFPAA]” — in addition to the reference to the regulatory part of this chapter pursuant to which their property and interests in property are blocked. For example, a person whose property and interests in property are blocked pursuant to the Global Terrorism Sanctions Regulations, § 594.201(a)(6) or (7), and identified on the SDN List will have the program tag “[SDGT]” and “[HIFPAA]”.

20. Add § 594.321 to read as follows:

§ 594.321 Knowingly.

The term *knowingly*, with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result.

21. Add § 594.322 to read as follows:

§ 594.322 Arms or related materiel.

The term *arms or related materiel* means:

(a) Nuclear, biological, chemical, or radiological weapons or materials or components of such weapons;

(b) Ballistic or cruise missile weapons or materials or components of such weapons; or

(c) Destabilizing numbers and types of advanced conventional weapons.

Dated: July 18, 2019.

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BILLING CODE 4810-AL

[FR Doc. 2019-15600 Filed: 7/22/2019 8:45 am; Publication Date: 7/23/2019]