DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 501, 510, 535, 536, 539, 541, 542, 544, 546, 547, 548, 549, 560, 561, 566, 576, 583, 584, 588, 592, 594, 597, and 598

Inflation Adjustment of Civil Monetary Penalties

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury’s Office of Foreign Assets Control (OFAC) is issuing this final rule to adjust certain civil monetary penalties for inflation pursuant to 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.

DATES: This rule is 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; 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

OFAC has adjusted its CMPs four times since the Federal Civil Penalties Inflation Adjustment Act Improvements Act went into effect on November 2, 2015: an initial catch-up adjustment on August 1, 2016 (81 FR 43070, July 1, 2016), and annual adjustments on February 10, 2017 (82 FR 10434, February 10, 2017), March 19, 2018 (83 FR 11876, March 19, 2018), and June 14, 2019 (84 FR 27714, June 14, 2019).

Method of Calculation

The method of calculating CMP adjustments applied in this final rule is required by the FCPIA Act. Under the FCPIA Act and the Office of Management and Budget guidance required by the FCPIA Act, annual inflation adjustments subsequent to the initial catch-up adjustment are to be based on the percent change between the Consumer Price Index for all Urban Consumers (“CPI-U”) for the October preceding the date of the adjustment and the prior year’s October CPI-U. As set forth in Office of Management and Budget Memorandum M-20-05 of December 16, 2019, the adjustment multiplier for 2020 is 1.01764. In order to complete the 2020 annual adjustment, each current CMP is
multiplied by the 2020 adjustment multiplier. Under the FCPIA Act, any increase in CMP must be rounded to the nearest multiple of $1.

New Penalty Amounts


The table below summarizes the existing and new maximum CMP amounts.

<table>
<thead>
<tr>
<th>Statute</th>
<th>Existing maximum CMP amount</th>
<th>Maximum CMP amount effective [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER]</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWEA</td>
<td>$89,170</td>
<td>$90,743</td>
</tr>
<tr>
<td>IEEPA</td>
<td>$302,584</td>
<td>$307,922</td>
</tr>
<tr>
<td>AEDPA</td>
<td>$79,874</td>
<td>$81,283</td>
</tr>
<tr>
<td>FNKDA</td>
<td>$1,503,470</td>
<td>$1,529,991</td>
</tr>
<tr>
<td>CDTA</td>
<td>$13,669</td>
<td>$13,910</td>
</tr>
</tbody>
</table>

In addition to updating these maximum CMP amounts, OFAC is also updating two references to one-half the IEEPA maximum CMP from $151,292 to $153,961.
Finally, OFAC is making the following technical changes in the authorities sections of the parts of 31 CFR chapter V that are being amended by this rule: (i) in the authorities sections of 31 CFR parts 501 and 542, OFAC is correcting a typographic error and is changing certain hyphens to en dashes; (ii) in the authorities sections of 31 CFR parts 510, 560, 561, and 583, OFAC is adding CFR Compilation citations for more recently issued Presidential documents listed in those authorities sections and is changing certain hyphens to en dashes; and (iii) in the authorities sections of 31 CFR parts 535, 536, 539, 541, 544, 546, 547, 548, 549, 566, 576, 584, 588, 592, 594, and 598, OFAC is changing certain hyphens to en dashes.

Public Participation

The FCPIA Act expressly exempts this final rule from the notice and comment requirements of the Administrative Procedure Act, by directing agencies to adjust CMPs for inflation “notwithstanding section 553 of title 5, United States Code” (Pub. L. 114-74, 129 Stat. 599; 28 U.S.C. 2461 note). As such, this final rule is being issued without prior public notice or opportunity for public comment, with an effective date of [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER]. Because the amended regulations involve a foreign affairs function, the provisions of Executive Order 13771 are inapplicable.

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.
The authority citation for part 501 is revised to read as follows:


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

§ 501.701 [Amended]

2. In § 501.701(a)(3), remove “$89,170” and add in its place “$90,743”.

3. Amend appendix A to part 501 as follows:

a. In paragraph V.B.2.a.i., remove “$151,292” and add in its place “$153,961” and remove “$302,584” and add in its place “$307,922”.

b. In paragraph V.B.2.a.ii., remove “$302,584” in all three locations where it appears and add in its place in all three locations “$307,922”.

c. In paragraph V.B.2.a.v., remove “$302,584” and add in its place “$307,922”, remove “$89,170” and add in its place “$90,743”, remove “$1,503,470” and add in its place
“$1,529,991”, remove “$79,874” and add in its place “$81,283”, and remove “$13,669” and add in its place “$13,910”.

d. Revise paragraph V.B.2.a.vi.

The revision reads as follows:


V. * * *

B. * * *

2. * * *

a. * * *

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

<table>
<thead>
<tr>
<th>BASE PENALTY MATRIX</th>
<th>Egregious Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>(1) One-Half of Transaction Value (capped at lesser of $153,961 or one-half of the applicable statutory maximum per violation)</td>
<td>(3) One-Half of Applicable Statutory Maximum</td>
</tr>
<tr>
<td>YES Voluntary Self-Disclosure</td>
<td>YES</td>
</tr>
<tr>
<td>(2) Applicable Schedule Amount (capped at lesser of $307,922 or the applicable statutory maximum per violation)</td>
<td>(4) Applicable Statutory Maximum</td>
</tr>
<tr>
<td>NO</td>
<td></td>
</tr>
</tbody>
</table>
PART 510—NORTH KOREA SANCTIONS REGULATIONS

4. The authority citation for part 510 is revised to read as follows:


Subpart G—Penalties

§ 510.701 [Amended]

5. In § 510.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 535—IRANIAN ASSETS CONTROL REGULATIONS

6. The authority citation for part 535 is revised to read as follows:

Subpart G—Penalties

§ 535.701 [Amended]

7. In § 535.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 536—NARCOTICS TRAFFICKING SANCTIONS REGULATIONS

8. The authority citation for part 536 is revised to read as follows:


Subpart G—Penalties

§ 536.701 [Amended]

9. In § 536.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 539—WEAPONS OF MASS DESTRUCTION TRADE CONTROL REGULATIONS

10. The authority citation for part 539 is revised to read as follows:


Subpart G—Penalties

§ 539.701 [Amended]
11. In § 539.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 541—ZIMBABWE SANCTIONS REGULATIONS

12. The authority citation for part 541 is revised to read as follows:


Subpart G—Penalties

§ 541.701 [Amended]

13. In § 541.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 542—SYRIAN SANCTIONS REGULATIONS

14. The authority citation for part 542 is revised to read as follows:


Subpart G—Penalties

§ 542.701 [Amended]

15. In § 542.701(a)(2), remove “$302,584” and add in its place “$307,922”.
PART 544—WEAPONS OF MASS DESTRUCTION PROLIFERATORS

SANCTIONS REGULATIONS

16. The authority citation for part 544 is revised to read as follows:


Subpart G—Penalties

§ 544.701 [Amended]

17. In § 544.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 546—DARFUR SANCTIONS REGULATIONS

18. The authority citation for part 546 is revised to read as follows:


Subpart G—Penalties

§ 546.701 [Amended]

19. In § 546.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 547—DEMOCRATIC REPUBLIC OF THE CONGO SANCTIONS REGULATIONS

20. The authority citation for part 547 is revised to read as follows:

Subpart G—Penalties

§ 547.701 [Amended]

21. In § 547.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 548—BELARUS SANCTIONS REGULATIONS

22. The authority citation for part 548 is revised to read as follows:


Subpart G—Penalties

§ 548.701 [Amended]

23. In § 548.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 549—LEBANON SANCTIONS REGULATIONS

24. The authority citation for part 549 is revised to read as follows:


Subpart G—Penalties

§ 549.701 [Amended]

25. In § 549.701(a)(2), remove “$302,584” and add in its place “$307,922”.
PART 560—IRANIAN TRANSACTIONS AND SANCTIONS REGULATIONS

26. The authority citation for part 560 is revised to read as follows:


Subpart G—Penalties

§ 560.701 [Amended]

27. In § 560.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 561—IRANIAN FINANCIAL SANCTIONS REGULATIONS

28. The authority citation for part 561 is revised to read as follows:

Subpart G—Penalties

§ 561.701 [Amended]

29. In § 561.701(a)(4), remove “$302,584” and add in its place “$307,922”.

PART 566—HIZBALLAH FINANCIAL SANCTIONS REGULATIONS

30. The authority citation for part 566 is revised to read as follows:


Subpart G—Penalties

§ 566.701 [Amended]

31. In § 566.701(b), remove “$302,584” and add in its place “$307,922”.

PART 576—IRAQ STABILIZATION AND INSURGENCY SANCTIONS REGULATIONS

32. The authority citation for part 576 is revised to read as follows:


Subpart G—Penalties

§ 576.701 [Amended]
33. In § 576.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 583—GLOBAL MAGNITSKY SANCTIONS REGULATIONS

34. The authority citation for part 583 is revised to read as follows:

   note); E.O. 13818, 82 FR 60839, 3 CFR, 2017 Comp., p. 399.

§ 583.701 [Amended]

35. In § 583.701(c), remove “$302,584” and add in its place “$307,922”.

PART 584—MAGNITSKY ACT SANCTIONS REGULATIONS

36. The authority citation for part 584 is revised to read as follows:


§ 584.701 [Amended]

37. In § 584.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 588—WESTERN BALKANS STABILIZATION REGULATIONS

38. The authority citation for part 588 is revised to read as follows:

   U.S.C. 1705 note); E.O. 13219, 66 FR 34777, 3 CFR, 2001 Comp., p. 778; E.O. 13304, 68

Subpart G—Penalties
§ 588.701 [Amended]

39. In § 588.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 592—ROUGH DIAMONDS CONTROL REGULATIONS

40. The authority citation for part 592 is revised to read as follows:


Subpart F—Penalties

§ 592.601 [Amended]

41. In § 592.601(a)(2), remove “$13,669” and add in its place “$13,910”.

PART 594—GLOBAL TERRORISM SANCTIONS REGULATIONS

42. The authority citation for part 594 is revised to read as follows:


Subpart G—Penalties

§ 594.701 [Amended]

43. In § 594.701(a)(2), remove “$302,584” and add in its place “$307,922”.

PART 597—FOREIGN TERRORIST ORGANIZATIONS SANCTIONS REGULATIONS
44. The authority citation for part 597 continues to read as follows:


Subpart G—Penalties

§ 597.701 [Amended]

45. In § 597.701(b)(3), remove “$79,874” and add in its place “$81,283”.

PART 598—FOREIGN NARCOTICS KINGPIN SANCTIONS REGULATIONS

46. The authority citation for part 598 is revised to read as follows:


Subpart G—Penalties

§ 598.701 [Amended]

47. In § 598.701(a)(4), remove “$1,503,470” and add in its place “$1,529,991”.

Andrea Gacki,
Director, Office of Foreign Assets Control.

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