

are not considered incidental to a licensed transaction and therefore remain prohibited.

§ 539.404 Transshipments through the United States prohibited.

(a) The prohibitions in §§ 539.201 and 539.202 apply to the importation into the United States, for transshipment or transit, of goods, technology, or services produced or provided by a designated foreign person that are intended or destined for third countries.

(b) In the case of goods or technology transported by vessel, the prohibitions in §§ 539.201 and 539.202 apply to the unloading in the United States and the intent to unlade in the United States of goods or technology produced or provided by a designated foreign person that is intended or destined for third countries.

§ 539.405 Importation of goods or technology from third countries.

Importation into the United States from third countries of goods or technology is prohibited if undertaken with knowledge or reason to know that those goods contain raw materials or components produced or provided by a designated foreign person or technology produced or provided by a designated foreign person.

§ 539.406 Importation into and release from a bonded warehouse or foreign trade zone.

The prohibitions in §§ 539.201 and 539.202 apply to importation into a bonded warehouse or a foreign trade zone of the United States.

Subpart E—Licenses, Authorizations and Statements of Licensing Policy

§ 539.501 General and specific licensing procedures.

For provisions relating to licensing procedures, see part 501, subpart D, of this chapter. Licensing actions taken pursuant to part 501 of this chapter with respect to the prohibitions contained in this part are considered actions taken pursuant to this part.

§ 539.502 Effect of license.

(a) No license contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control pursuant to this part, authorizes or validates any transaction effected prior to the issuance of the license, unless the prior transaction is specifically authorized in such license.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited by this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part authorizes any transaction prohibited by any provision of this chapter unless the regulation, ruling, instruction, or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing any transaction otherwise prohibited by this part has the effect of removing from the transaction a prohibition or prohibitions contained in this part, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest that would not otherwise exist under ordinary principles of law in or with respect to any property.

§ 539.503 Exclusion from licenses.

The Director of the Office of Foreign Assets Control reserves the right to exclude any person, property, or transaction from the operation of any license or from the privileges conferred by any license. The Director of the Office of Foreign Assets Control also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon all persons receiving actual or constructive notice of the exclusions or restrictions.

§ 539.504 Departments and agencies of the United States Government.

(a) Departments and agencies of the United States Government may by

§ 539.601

written authorization signed by the head of the Department or Agency or his designee provide for:

(1) Procurement contracts necessary to meet U.S. operational military requirements or requirements under defense production agreements; intelligence requirements; sole source suppliers, spare parts, components, routine servicing and maintenance of products for the United States Government; and medical and humanitarian items; and

(2) Performance pursuant to contracts in force as of 12:01 a.m. EDT, July 29, 1998, under appropriate circumstances.

(b) Such written authorization shall:

(1) Include details about the goods, technology, and services which have been approved for importation; the rationale for such approval; and 24-hour-a-day contact information for the approving official or designee for use by the U.S. Customs Service should questions arise about an approved import;

(2) Be in the form of license, regulation, order, directive, or exception;

(3) Include information about the results of prior written consultation with the Under Secretary of State for Arms Control and International Security Affairs (through the Office of Chemical, Biological and Missile Nonproliferation and the Office of the Assistant Legal Adviser for Political-Military Affairs); and

(4) Be provided to U.S. Customs Service officials upon the importation of any goods or technology covered by an authorization described in paragraph (a) of this section in a form which clearly establishes that the imported goods or technology is covered by the authorization.

Subpart F—Reports

§ 539.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C, of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

31 CFR Ch. V (7–1–01 Edition)

Subpart G—Penalties

§ 539.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (the “Act”) (50 U.S.C. 1705), which is applicable to violations of the provisions of any license, ruling, regulation, order, direction, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the Act. Section 206 of the Act, as adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101–410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty not to exceed \$11,000 per violation may be imposed on any person who violates or attempts to violate any license, order, or regulation issued under the Act;

(2) Whoever willfully violates or willfully attempts to violate any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000, and if a natural person, may also be imprisoned for not more than 10 years; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

(b) The criminal penalties provided in the Act are subject to increase pursuant to 18 U.S.C. 3571.

(c) Attention is also directed to 18 U.S.C. 1001, which provides that whoever, in any matter within the jurisdiction of any department or agency of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious, or fraudulent statement or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry shall be fined under title 18, United States Code, or imprisoned not more than five years, or both.

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

§ 539.702 Prepenalty notice.

(a) *When required.* If the Director of the Office of Foreign Assets Control