

### Subpart I—Paperwork Reduction Act

#### § 596.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of information collections relating to record-keeping and reporting requirements, to licensing procedures (including those pursuant to statements of licensing policy), and to other procedures, see § 501.901 of this chapter. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

[62 FR 45112, Aug. 25, 1997]

## PART 597—FOREIGN TERRORIST ORGANIZATIONS SANCTIONS REGULATIONS

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

Sec.

597.101 Relation of this part to other laws and regulations.

### Subpart B—Prohibitions

597.201 Prohibited transactions involving blocked assets or funds of foreign terrorist organizations or their agents.

597.202 Effect of transfers violating the provisions of this part.

597.203 Holding of funds in interest-bearing accounts; investment and reinvestment.

597.204 Evasions; attempts; conspiracies.

### Subpart C—General Definitions

597.301 Agent.  
 597.302 Assets.  
 597.303 Blocked account; blocked funds.  
 597.304 Designation.  
 597.305 Effective date.  
 597.306 Entity.  
 597.307 Financial institution.  
 597.308 Financial transaction.  
 597.309 Foreign terrorist organization.  
 597.310 Funds.  
 597.311 General license.  
 597.312 Interest.  
 597.313 License.  
 597.314 Person.  
 597.315 Specific license.  
 597.316 Transaction.  
 597.317 Transfer.  
 597.318 United States.  
 597.319 U.S. financial institution.

### Subpart D—Interpretations

597.401 Reference to amended sections.  
 597.402 Effect of amendment.  
 597.403 Termination and acquisition of an interest in blocked funds.  
 597.404 Setoffs prohibited.  
 597.405 Transactions incidental to a licensed transaction.  
 597.406 Offshore transactions.

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

597.501 Effect of license or authorization.  
 597.502 Exclusion from licenses and authorizations.  
 597.503 Payments and transfers to blocked accounts in U.S. financial institutions.  
 597.504 Entries in certain accounts for normal service charges authorized.  
 597.505 Payment for certain legal services.

### Subpart F—Reports

597.601 Records and reports.

### Subpart G—Penalties

597.701 Penalties.  
 597.702 Prepenalty notice.  
 597.703 Response to prepenalty notice.  
 597.704 Penalty notice.  
 597.705 Administrative collection; referral to United States Department of Justice.

### Subpart H—Procedures

597.801 Procedures.  
 597.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

597.901 Paperwork Reduction Act notice.

AUTHORITY: 31 U.S.C. 321(b); Pub. L. 104-132, 110 Stat. 1214, 1248-53 (8 U.S.C. 1189, 18 U.S.C. 2339B).

SOURCE: 62 FR 52495, Oct. 8, 1997, unless otherwise noted.

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

#### § 597.101 Relation of this part to other laws and regulations.

(a) This part is separate from, and independent of, the other parts of this chapter, with the exception of part 501 of this chapter, the recordkeeping and reporting requirements and license application and other procedures of which apply to this part. Differing statutory authority and foreign policy and national security contexts may result in

differing interpretations of similar language among the parts of this chapter. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. No license or authorization contained in or issued pursuant to any other provision of law or regulation authorizes any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations. This part does not implement, construe, or limit the scope of any other part of this chapter, including (but not limited to) the Terrorism Sanctions Regulations, part 595 of this chapter, and does not excuse any person from complying with any other part of this chapter, including (but not limited to) part 595 of this chapter.

(c) This part does not implement, construe, or limit the scope of any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 2339A, and does not excuse any person from complying with any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 18 U.S.C. 2339A.

### Subpart B—Prohibitions

#### § 597.201 Prohibited transactions involving blocked assets or funds of foreign terrorist organizations or their agents.

(a) Upon notification to Congress of the Secretary of State's intent to designate an organization as a foreign terrorist organization pursuant to 8 U.S.C. 1189(a), until the publication in the FEDERAL REGISTER as described in paragraph (c) of this section, any U.S. financial institution receiving notice from the Secretary of the Treasury by means of order, directive, instruction, regulation, ruling, license, or otherwise shall, except as otherwise provided in such notice, block all financial transactions involving any assets of such organization within the possession or control of such U.S. financial institution until further directive from the Secretary of the Treasury, Act of Congress, or order of court.

(b) Except as otherwise authorized by order, directive, instruction, regulation, ruling, license, or otherwise, from and after the designation of an organization as a foreign terrorist organization pursuant to 8 U.S.C. 1189(a), any U.S. financial institution that becomes aware that it has possession of or control over any funds in which the designated foreign terrorist organization or its agent has an interest shall:

(1) Retain possession of or maintain control over such funds; and

(2) Report to the Secretary of the Treasury the existence of such funds in accordance with § 501.603 of this chapter.

(c) Publication in the FEDERAL REGISTER of the designation of an organization as a foreign terrorist organization pursuant to 8 U.S.C. 1189(a) shall be deemed to constitute a further directive from the Secretary of the Treasury for purposes of paragraph (a) of this section, and shall require the actions contained in paragraph (b) of this section.

(d) The requirements of paragraph (b) of this section shall remain in effect until the effective date of an administrative, judicial, or legislative revocation of the designation of an organization as a foreign terrorist organization, or until the designation lapses, pursuant to 8 U.S.C. 1189.

(e) When a transaction results in the blocking of funds at a financial institution pursuant to this section and a party to the transaction believes the funds have been blocked due to mistaken identity, that party may seek to have such funds unblocked pursuant to the administrative procedures set forth in § 501.806 of this chapter. Requests for the unblocking of funds pursuant to § 501.806 must be submitted to the attention of the Compliance Programs Division.

#### § 597.202 Effect of transfers violating the provisions of this part.

(a) Any transfer after the effective date which is in violation of § 597.201 or any other provision of this part or of any regulation, order, directive, ruling, instruction, license, or other authorization hereunder and involves any funds or assets held in the name of a foreign terrorist organization or its