

**PART 588—WESTERN BALKANS
STABILIZATION REGULATIONS**

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

Sec.

588.101 Relation of this part to other laws and regulations.

Subpart B—Prohibitions

588.201 Prohibited transactions involving blocked property.
588.202 Effect of transfers violating the provisions of this part.
588.203 Holding of funds in interest-bearing accounts; investment and reinvestment.
588.204 Evasions; attempts; conspiracies.
588.205 Expenses of maintaining blocked property; liquidation of blocked account.
588.206 Exempt transactions.

Subpart C—General Definitions

588.301 Blocked account; blocked property.
588.302 Effective date.
588.303 Entity.
588.304 Information or informational materials.
588.305 Interest.
588.306 Licenses; general and specific.
588.307 Person.
588.308 Property; property interest.
588.309 Transfer.
588.310 United States.
588.311 U.S. financial institution.
588.312 United States person; U.S. person.

Subpart D—Interpretations

588.401 Reference to amended sections.
588.402 Effect of amendment.
588.403 Termination and acquisition of an interest in blocked property.
588.404 Transactions incidental to a licensed transaction.
588.405 Provision of services.
588.406 Offshore transactions.
588.407 Payments from blocked accounts to satisfy obligations prohibited.
588.408 Charitable contributions.
588.409 Credit extended and cards issued by U.S. financial institutions.
588.410 Setoffs prohibited.

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

588.501 General and specific licensing procedures.
588.502 Effect of license or authorization.
588.503 Exclusion from licenses.
588.504 Payments and transfers to blocked accounts in U.S. financial institutions.
588.505 Entries in certain accounts for normal service charges authorized.

588.506 Investment and reinvestment of certain funds.

588.507 Provision of certain legal services authorized.

588.508 Authorization of emergency medical services.

Subpart F—Reports

588.601 Records and reports.

Subpart G—Penalties

588.701 Penalties.
588.702 Prepenalty notice.
588.703 Response to prepenalty notice; informal settlement.
588.704 Penalty imposition or withdrawal.
588.705 Administrative collection; referral to United States Department of Justice.

Subpart H—Procedures

588.801 Procedures.
588.802 Delegation by the Secretary of the Treasury.

Subpart I—Paperwork Reduction Act

588.901 Paperwork Reduction Act notice.

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. 13219, 66 FR 34777, 3 CFR, 2001 Comp., p. 778; E.O. 13304, 68 FR 32315, 3 CFR, 2003 Comp., p. 229.

SOURCE: 67 FR 37673, May 30, 2002, unless otherwise noted.

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

**§ 588.101 Relation of this part to other
laws and regulations.**

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. 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. Differing foreign policy and national security circumstances 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. 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.

Subpart B—Prohibitions

§ 588.201 Prohibited transactions involving blocked property.

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses or otherwise, and notwithstanding any contracts entered into or any license or permit granted prior to the effective date, property or interests in property of the following persons that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches, are blocked and may not be transferred, paid, exported, withdrawn or otherwise dealt in:

(1) Any person listed in the Annex to Executive Order 13219 of June 26, 2001 (3 CFR, 2001 Comp., p. 778); and

(2) Any person designated by the Secretary of the Treasury, in consultation with the Secretary of State, because they are found:

(i) To have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of threatening the peace in or diminishing the stability or security of any area or state in the Western Balkans region, undermining the authority, efforts, or objectives of international organizations or entities present in the region, or endangering the safety of persons participating in or providing support to the activities of those international organizations or entities; or

(ii) To have actively obstructed, or to pose a significant risk of actively obstructing, implementation of the Dayton Accords in Bosnia or United Nations Security Council Resolution 1244 of June 10, 1999, in Kosovo; or

(iii) Materially to assist in, sponsor, or provide financial support for, or goods or services in support of, such acts of violence and obstructionism; or

(iv) To be owned or controlled by, or acting or purporting to act directly or indirectly for or on behalf of, any person designated in the Annex to Executive Order 13219 or any person otherwise designated by the Secretary of the Treasury pursuant to this section.

NOTE TO PARAGRAPH (a) OF § 588.201: The names of persons whose property or interests in property are blocked pursuant to paragraph (a) of this section will be published on OFAC's website, announced in the FEDERAL REGISTER and incorporated on an ongoing basis with the identifier [BALKANS] into appendix A to 31 CFR chapter V. Section 501.807 of this chapter V sets forth the procedures to be followed by persons seeking administrative reconsideration of their designation pursuant to paragraph (a)(2) of this section or who wish to assert that the circumstances resulting in designation no longer apply. Similarly, 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 to 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.

(b) The blocking of property and interests in property pursuant to paragraph (a) of this section includes, but is not limited to, the prohibition of the making or receiving by a United States person of any contribution or provision of funds, goods or services to or for the benefit of a person whose property or interests in property are blocked pursuant to paragraph (a) of this section.

(c) Unless otherwise authorized by this part or by a specific license expressly referring to this section, any dealing in any security (or evidence thereof) held within the possession or control of a U.S. person and either registered or inscribed in the name of or known to be held for the benefit of any person whose property or interests in property are blocked pursuant to paragraph (a) of this section is prohibited. This prohibition includes but is not limited to the transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of any such security or the endorsement or guaranty of signatures on any such security. This prohibition applies irrespective of the fact that at