

**FEDERAL RESERVE BANK
OF NEW YORK**
Fiscal Agent of the United States

[Circular No. 8690]
[November 26, 1979]

AMENDMENTS TO IRANIAN ASSETS CONTROL REGULATIONS
Effective November 23, 1979

*To All Banks, and Others Concerned,
in the Second Federal Reserve District:*

Enclosed are three additional amendments, effective November 23, 1979, to the Iranian Assets Control Regulations issued by the Office of Foreign Assets Control, U. S. Treasury Department. The amendments add clarifying rules governing certain payments under the regulations and authorize judicial proceedings in certain cases.

Inquiries regarding these amendments should be directed to Ernest T. Patrikis, Deputy General Counsel (Tel. No. 212-791-5022), Don N. Ringsmuth, Assistant General Counsel (Tel. No. 212-791-5007), or John Hopkins Heires, Adviser, Foreign Department (Tel. No. 212-791-6816).

THOMAS M. TIMLEN,
First Vice President.

DEPARTMENT OF THE TREASURY
Title 31 — Money and Finance: Treasury
CHAPTER V — FOREIGN ASSETS CONTROL
PART 535 — IRANIAN ASSETS CONTROL REGULATIONS

Amendments effective November 23, 1979

AGENCY: Office of Foreign Assets Control.

ACTION: Final Rule.

SUMMARY: The Office of Foreign Assets Control is amending the Iranian Assets Control Regulations. The purpose of the first amendment is to add new § 535.414 interpreting § 535.508, which concerns payments into blocked accounts. The purpose of the second amendment is to add new § 535.504 authorizing certain judicial proceedings with respect to blocked accounts, up to but not including entry of judgment. The purpose of the third amendment is to add a new interpretation stating that payments received under § 535.508 may be distributed to others. The need for the first amendment is to make clear that § 535.508 only permits payments into blocked accounts held by U. S. domestic banks. The need for the second amendment is to authorize judicial proceedings to deal with a large volume of cases which are anticipated, and which will meet the terms of the new section. The need for the third amendment is to make clear that § 535.904 was originally intended to allow distribution of the payments authorized under that section. The effect of the amendments is that the limitations on the scope of the general authorization in § 535.508 will be clear, all cases falling within the conditions in § 535.504 will be licensed without individual license applications in each case and the meaning of § 535.904 will be clarified.

EFFECTIVE DATE: November 23, 1979.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: Since the regulations involve a foreign affairs function, the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rulemaking, the opportunity for public participation and a delay in effective date are inapplicable. 31 CFR, Part 535 is amended by the addition of §§ 535.414, 535.415 and 535.504 as follows:

§ 535.414 Payments to blocked accounts under § 535.508.

(a) Section 535.508 does not authorize any transfer from a blocked account within the United States to an account held by any bank outside the United States or any other payment into a blocked account outside the United States.

(b) Section 535.508 only authorizes payment into a blocked account held by a domestic bank as defined by § 535.320.

§ 535.504 Certain judicial proceedings with respect to property of Iran or Iranian entities.

(a) Subject to the limitations of paragraphs (b) and (c) of this section, judicial proceedings are authorized with respect to property in which on or since the effective date there has existed an interest of Iran or an Iranian entity.

(b) This section does not authorize or license:

(1) The entry of any judgment or of any decree or order of similar or analogous effect upon any judgment book, minute book, journal or otherwise, or the docketing of any judgment in any docket book, or the filing of any judgment roll or the taking of any other similar or analogous action.

(2) Any payment or delivery out of a blocked account based upon a judicial proceeding, nor does it authorize the enforcement or carrying out of any

(Over)

judgment or decree or order of similar or analogous effect with regard to any property in which Iran or an Iranian entity has an interest.

(c) A judicial proceeding is not authorized by this section if it is based on transactions which violated the prohibitions of this part.

§ 535.415 Payment by Iranian entities of obligations to persons within the United States.

A person receiving payment under section 535.904 of this part may distribute all or part of that payment to anyone, *provided* that any such payment to Iran or

an Iranian entity must be to a blocked account in a domestic bank.

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Stanley L. Sommerfield
Director
Office of Foreign Assets Control

Approved:
Richard J. Davis
Assistant Secretary