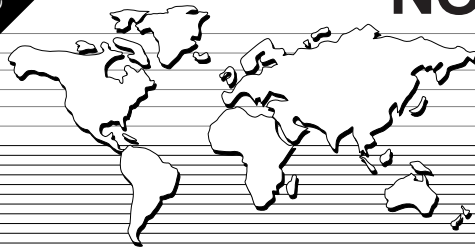




U.S. Department of the Treasury
Office of Foreign Assets Control



NONPROLIFERATION

What You Need To Know About Treasury Restrictions

Executive Order 13382, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters"; the Weapons of Mass Destruction Trade Control Regulations (Part 539 of Title 31, C.F.R.); and the Highly Enriched Uranium (HEU) Agreement Assets Control Regulations (Part 540 of Title 31, C.F.R)

■ **INTRODUCTION** - The Treasury Department's Office of Foreign Assets Control (OFAC) implements three distinct sanctions programs designed to combat the proliferation of weapons of mass destruction (WMD). The requirements under each of the programs are different. Each program is described in further detail in this brochure, but they can be summarized as follows:

- Executive Order 13382 of June 28, 2005, blocks the property of persons engaged in proliferation activities and their support networks. OFAC administers this blocking program, which initially applied to eight organizations in North Korea, Iran, and Syria. Treasury, together with the Department of State, is authorized to designate additional WMD proliferators and their supporters under the new authorities provided by this Executive Order.
- OFAC's Weapons of Mass Destruction Trade Control Regulations, 31 C.F.R. Part 539, implement a ban on imports into the United States, pursuant to Executive Order 12938. Under this program, the Secretary of State may name, as subject to the ban, foreign persons determined to have engaged in proliferation-related activities.
- OFAC's Highly Enriched Uranium (HEU) Agreement Assets Control Regulations, 31 C.F.R. Part 540, implement Executive Order 13159 of June 21, 2000, "Blocking Property of the Government of the Russian Federation Relating to the Disposition of Highly Enriched Uranium Extracted From Nuclear Weapons." These regulations and Executive Order 13159 are directed at the property used to carry out international agreements between the United States and the Russian Federation for the conversion of highly enriched uranium extracted from Russian nuclear weapons into low-enriched uranium for use in commercial nuclear reactors.

The three WMD sanctions programs administered by OFAC are described in greater detail below.

EXECUTIVE ORDER 13382, "BLOCKING PROPERTY OF WEAPONS OF MASS DESTRUCTION PROLIFERATORS AND THEIR SUPPORTERS"

■ **SUMMARY OF EXECUTIVE ORDER** - Executive Order 13382 of June 28, 2005 (E.O. 13382), takes additional steps to deal with the national emergency declared in Executive Order 12938 of November 14, 1994 (see below), with respect to the proliferation of WMD and the means of delivering them. The Executive Order blocks the property of specially designated WMD proliferators and members of their support networks. The action effectively denies those parties access to the U.S. financial and commercial systems. The program is administered by OFAC.

■ **PROHIBITED TRANSACTIONS** - U.S. persons, meaning any U.S. citizen, permanent resident alien, U.S. company (including their foreign branches) and any person or company in the United States, are prohibited from engaging in any transaction or dealing with any party designated under Executive Order 13382. In addition, all property within the possession or control of any U.S. person in which a target has an interest is blocked and must be reported to OFAC within ten days. The names of those actually listed in the Annex to E.O. 13382, and any parties named subsequent to the Executive Order, are incorporated into OFAC's Specially Designated Nationals (SDN) list. The parties blocked under this program are:

The following names were listed in the Annex of Executive Order 13382 and have been incorporated into the SDN list with the program designation "[NPWMD]." They are listed here in OFAC's SDN list format.

- AEROSPACE INDUSTRIES ORGANIZATION (a.k.a. SAZMANE SANAYE HAVA FAZA; a.k.a. "AIO"), Langare Street, Nobonyad Square, Tehran [NPWMD]
- ATOMIC ENERGY ORGANIZATION OF IRAN (a.k.a. SAZEMAN-E ENERGY ATOMI), P.O. Box 14144-1339, End of North Karegar Avenue, Tehran, Iran [NPWMD]
- KOREA MINING DEVELOPMENT TRADING CORPORATION (a.k.a. CHANGGWANG SINYONG CORPORATION; a.k.a. EXTERNAL TECHNOLOGY GENERAL CORPORATION; a.k.a. NORTH KOREAN MINING DEVELOPMENT TRADING CORPORATION; a.k.a. "KOMID"), Central District, Pyongyang, Korea, North [NPWMD]

WEAPONS OF MASS DESTRUCTION TRADE CONTROL REGULATIONS, 31 C.F.R PART 539

- KOREA RYONBONG GENERAL CORPORATION (a.k.a. KOREA YONBONG GENERAL CORPORATION; f.k.a. LYONGAKSAN GENERAL TRADING CORPORATION), Pot'onggang District, Pyongyang, Korea, North; Rakwon-dong, Pothonggang District, Pyongyang, Korea, North [NPWMD]
- SCIENTIFIC STUDIES AND RESEARCH CENTER (a.k.a. CENTRE D'ETUDES ET RECHERCHES; a.k.a. "SSRC"), P.O. Box 4470, Damascus, Syria [NPWMD]
- SHAHID BAKERI INDUSTRIAL GROUP (a.k.a. "SBIG"), Tehran, Iran [NPWMD]
- SHAHID HEMMAT INDUSTRIAL GROUP (a.k.a. "SHIG"), Damavand Tehran Highway, Tehran, Iran [NPWMD]
- TANCHON COMMERCIAL BANK (f.k.a. CHANGGWANG CREDIT BANK; f.k.a. KOREA CHANGGWANG CREDIT BANK), Saemul 1-Dong Pyongchon District, Pyongyang, Korea, North [NPWMD]

In addition, the following entities have been designated:

- HESONG TRADING CORPORATION, Pyongyang, Korea, North [NPWMD]
- KOREA COMPLEX EQUIPMENT IMPORT CORPORATION, Rakwon-dong, Pothonggang District, Pyongyang, Korea, North [NPWMD]
- KOREA INTERNATIONAL CHEMICAL JOINT VENTURE COMPANY (a.k.a. CHOSUN INTERNATIONAL CHEMICALS JOINT OPERATION COMPANY; a.k.a. CHOSUN INTERNATIONAL CHEMICALS JOINT OPERATION COMPANY; a.k.a. INTERNATIONAL CHEMICAL JOINT VENTURE CORPORATION), Hamhung, South Hamgyong Province, Korea, North; Man gyongdae-kuyok, Pyongyang, Korea, North; Mangyongdae-gu, Pyongyang, Korea, North [NPWMD]
- KOREA KWANGSONG TRADING CORPORATION, Rakwon-dong, Pothonggang District, Pyongyang, Korea, North [NPWMD]
- KOREA PUGANG TRADING CORPORATION, Rakwon-dong, Pothonggang District, Pyongyang, Korea, North [NPWMD]
- KOREA RYONGWANG TRADING CORPORATION (a.k.a. KOREA RYENGWANG TRADING CORPORATION), Rakwon-dong, Pothonggang District, Pyongyang, Korea, North [NPWMD]
- KOREA RYONHAM MACHINERY JOINT VENTURE CORPORATION (a.k.a. CHOSUN YUNHA MACHINERY JOINT OPERATION COMPANY; a.k.a. KOREA RYENHA MACHINERY J/V CORPORATION; a.k.a. RYONHA MACHINERY JOINT VENTURE CORPORATION), Central District, Pyongyang, Korea, North; Mangyongdae-gu, Pyongyang, Korea, North; Mangyongdae District, Pyongyang, Korea, North [NPWMD]
- MESBAH ENERGY COMPANY (a.k.a. "MEC"), 77 Armaghan Gharbi Street, Valiasr Blve., Tehran, Iran [NPWMD]
- NOVIN ENERGY COMPANY (a.k.a. Energy Novin; a.k.a. Noveen Energy Company), End of North Karegar Avenue, Tehran, Iran [NPWMD]
- TOSONG TECHNOLOGY TRADING CORPORATION, Pyongyang, Korea [NPWMD]

■ **PENALTIES** - Criminal penalties for willful violations of E.O. 13382, or of any license, rule or regulation issued under it, include \$50,000 in fines for a corporation or individual, or imprisonment for not more than ten years for an individual, or both. Fines for criminal violations may be increased pursuant to 18 U.S.C. 3571. Civil penalties of up to \$11,000 per violation may be imposed administratively.

■ **SUMMARY OF EXECUTIVE ORDER 12938, AS AMENDED** - In Executive Order 12938 of November 14, 1994, President Clinton declared a national emergency with respect to the proliferation of nuclear, biological and chemical weapons (weapons of mass destruction or WMD) and the means of delivering them. E.O. 12938 provides that the Secretary of the Treasury shall prohibit the importation into the United States of goods, technology, or services produced or provided by foreign persons on which the Secretary of State has determined to impose an import ban because of their WMD proliferation activities. (Information or informational materials within the meaning of section 203(b)(3) of IEEPA, 50 U.S.C. 1702(b)(3), are exempt from this prohibition.)

■ **IMPORT BAN** - OFAC issued the Weapons of Mass Destruction Trade Control Regulations, 31 C.F.R. Part 540 (the Regulations), to implement the import ban imposed under Executive Order 12938. The Regulations prohibit the direct or indirect importation into the United States, including for transshipment or transit, of any goods, technology, or services produced or provided by the foreign persons on which the Secretary of State has determined to impose an import ban pursuant to E.O. 12938 (designated foreign persons). The importation into the United States of goods or technology from third countries is also prohibited if undertaken with knowledge or reason to know that those goods contain raw materials, components, or technology produced or provided by a designated foreign person. In addition to banning imports, the Regulations prohibit U.S. persons from financing, acting as a broker for, transporting or otherwise participating in the importation into the United States of any goods, technology or services produced or provided by a designated foreign person. The term *designated foreign person* means any foreign person on which the Secretary of State has determined to impose an import ban pursuant to E.O. 12938 and any entities owned or controlled by that foreign person, including any subsidiaries and branches, successors, and persons acting or purporting to act for or on behalf of any of them.

Services are considered to be imported into the United States where either the services or their benefit are received in the United States, regardless of where such services may be performed. The benefit of services performed is received in the United States if the services are: (1) performed on behalf of or for the benefit of a person located in the United States; (2) received by a person located in the United States; (3) received by a person located outside the United States on behalf of or for the benefit of an entity organized in the United States; or (4) received by an individual temporarily located outside the United States for the purpose of obtaining such services for use in the United States.

■ **FOREIGN PERSONS COVERED BY THE IMPORT BAN** - The following foreign persons (with name variations as shown) have been determined by the Secretary of State to be subject to the import ban. The applicable effective date with respect to each designated foreign person and the citation to the State Department's *Federal Register* notice appear in brackets following each entry. The import ban also applies to any entity owned or controlled by the named entities.

It is important to note that the parties determined to be subject to the import ban are not necessarily designated under Executive Order 13382. Therefore, the assets of parties that are subject to the import ban, but not Executive Order 13382, are not blocked. However, the importation into the United States of goods, technology, or services produced or provided by such persons, as well as related transactions, are prohibited.

- BALTIC STATE TECHNICAL UNIVERSITY, wherever located, including 1/21, 1 ya Krasnoarmeiskaya Ul., 198005 St. Petersburg, Russia [63 FR 42089, July 30, 1998]
- CHINA NEW ERA GROUP (a.k.a. China Xinshidai Company; a.k.a. New Era Group; a.k.a. XSD; a.k.a. Xinshidai) [69 FR 56260, September 20, 2004]
- CHINA PRECISION MACHINERY IMPORT - EXPORT CORPORATION (a.k.a. CPMIEC), wherever located, including 3/F, Minxing Building No. 190, 817 (North) Road, Fuzhou City, Fujian Province, China [July 30, 2003]
- CHINA XINSHIDAI COMPANY (a.k.a. China New Era Group; a.k.a. New Era Group; a.k.a. XSD; a.k.a. Xinshidai) [69 FR 56260, September 20, 2004]
- CPMIEC (a.k.a. CHINA PRECISION MACHINERY IMPORT - EXPORT CORPORATION), wherever located, including 3/F, Minxing Building No. 190, 817 (North) Road, Fuzhou City, Fujian Province, China [July 30, 2003]
- D. MENDELEYEV UNIVERSITY OF CHEMICAL TECHNOLOGY OF RUSSIA, wherever located, including 9 Miusskaya Sq., Moscow 125047, Russia [64 FR 2935, January 8, 1999]
- FEDERAL RESEARCH AND PRODUCTION COMPLEX ALTAY, Russia [69 FR 67617-18, November 18, 2004]
- GLAVKOSMOS, wherever located, including 9 Krasnoproletarskaya St., 103030 Moscow, Russia [63 FR 42089, July 30, 1998]
- KHAN RESEARCH LABORATORIES, Pakistan [68 FR 16114, April 2, 2003 - effective March 24, 2003]
- MAI (a.k.a. MOSCOW AVIATION INSTITUTE), wherever located, including 4 Volokolamskoye Shosse, Moscow 125871, Russia [64 FR 2935, January 8, 1999]
- MIKROSAM, wherever located, including 7500 Prilep, Macedonia [December 24, 2003]
- MOSCOW AVIATION INSTITUTE (a.k.a. MAI), wherever located, including 4 Volokolamskoye Shosse, Moscow 125871, Russia [64 FR 2935, January 8, 1999]
- NEW ERA GROUP (a.k.a. China New Era Group; a.k.a. China Xinshidai Company; a.k.a. Xinshidai; a.k.a. XSD) [69 FR 56260, September 20, 2004]

- SAMAKOSKI, Blagoja; nationality Macedonian (individual) [December 24, 2003]
- SHAHID HEMMAT INDUSTRIAL GROUP, Iran [68 FR 28315, May 23, 2003 - effective May 9, 2003]
- XINSHIDAI (a.k.a. China New Era Group; a.k.a. China Xinshidai Company; a.k.a. New Era Group; a.k.a. XSD) [69 FR 56260, September 20, 2004]
- XSD (a.k.a. China New Era Group; a.k.a. China Xinshidai Company; a.k.a. New Era Group; a.k.a. Xinshidai) [69 FR 56260, September 20, 2004]

HIGHLY ENRICHED URANIUM (HEU) AGREEMENT ASSETS CONTROL REGULATIONS, 31 C.F.R PART 540

A major national security goal of the United States is to ensure that fissile material removed from Russian nuclear weapons pursuant to various arms control and disarmament agreements is dedicated to peaceful uses and protected from diversion to activities of proliferation concern. In 1993, the United States and the Russian Federation entered into an international agreement for the conversion of highly enriched uranium (HEU) extracted from Russian nuclear weapons into low-enriched uranium for use in commercial nuclear reactors. Under this and related contracts and agreements (collectively, the HEU Agreements), 500 metric tons of highly enriched uranium – the equivalent of 20,000 nuclear warheads – will be converted to low enriched uranium over a 20-year period.

On June 21, 2000, President Clinton issued Executive Order 13159, "Blocking Property of the Government of the Russian Federation Relating to the Disposition of Highly Enriched Uranium Extracted From Nuclear Weapons." This order, explicitly directed at the property used to implement the HEU Agreements, prevents attachment or garnishment in the United States. It is meant to protect a very specific set of assets, defined by regulations, orders, directives, or licenses issued by the U.S. Treasury Department's Office of Foreign Assets Control. The order does not block any property or interests in property of the Government of the Russian Federation that are not directly related to the implementation of the HEU Agreements. The Office of Foreign Assets Control issued the Highly Enriched Uranium (HEU) Agreement Assets Control Regulations, 31 C.F.R. Part 540, to implement Executive Order 13159.

This document is explanatory only and does not have the force of law. The Executive Orders and implementing regulations relating to the proliferation of WMD contain the legally binding provisions governing the sanctions and this document does not supplement or modify those Executive Orders or regulations. The actual legal documents can be found in the Legal Documents section of OFAC's website at www.treas.gov/offices/enforcement/ofac/legal/wmd.shtml.

If you have information regarding possible violations of either of these programs, please call the Treasury Department's Office of Foreign Assets Control at 202/622-2430. Your call will be handled confidentially.

The Treasury Department's Office of Foreign Assets Control also administers sanctions programs involving Cuba, Liberia, North Korea, Iran, Syria, Sudan, Burma (Myanmar), targets in the Western Balkans, targets in Zimbabwe, diamond trading, designated international narcotics traffickers, international terrorists, and Foreign Terrorist Organizations. For additional information about these programs or about the nonproliferation programs, please contact the:

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202/622-2490

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