

development of criminal intelligence necessary for effective law enforcement. In addition, because many of these records come from other federal, state, local, joint, foreign, tribal, and international agencies, it is administratively impossible to ensure compliance with this provision.

\* \* \* \* \*

(g) The following system of records is exempt from 5 U.S.C. 552a (c)(3) and (4), (d), (e)(1), (e)(2), (e)(3), (e)(4)(G) and (H), (e)(5), (e)(8), (f), and (g):

(1) National Crime Information Center (NCIC) (JUSTICE/FBI-001). These exemptions apply only to the extent that information in the system is subject to exemption pursuant to 5 U.S.C. 552a(j)(2) and (k)(3).

(h) \* \* \*

(5) From subsection (e)(5) because in the collection of information for law enforcement purposes it is impossible to determine in advance what information is accurate, relevant, timely and complete. With the passage of time, seemingly irrelevant or untimely information may acquire new significance as further investigation brings new details to light. The restrictions imposed by subsection (e)(5) would limit the ability of trained investigators and intelligence analysts to exercise their judgment in reporting on investigations and impede the development of criminal intelligence necessary for effective law enforcement. In addition, the vast majority of these records come from other federal, state, local, joint, foreign, tribal, and international agencies and it is administratively impossible to ensure that the records comply with this provision. Submitting agencies are, however, urged on a continuing basis to ensure that their records are accurate and include all dispositions.

\* \* \* \* \*

(j) The following system of records is exempt from 5 U.S.C. 552a (c)(3), (d), (e)(1), (e)(4)(G) and (H), (e)(5), (f) and (g):

\* \* \* \* \*

(k) \* \* \*

(5) From subsection (e)(5) because in the collection of information for law enforcement purposes it is impossible to determine in advance what information is accurate, relevant, timely and complete. With the passage of time, seemingly irrelevant or untimely information may acquire new significance as further investigation brings new details to light. The restrictions imposed by subsection (e)(5) would limit the ability of trained investigators and intelligence analysts to exercise their judgment in reporting on investigations and impede the

development of criminal intelligence necessary for effective law enforcement. In addition, because many of these records come from other federal, state, local, joint, foreign, tribal, and international agencies, it is administratively impossible to ensure compliance with this provision.

\* \* \* \* \*

Dated: March 14, 2003.

**Paul R. Corts,**

*Assistant Attorney General for Administration.*

[FR Doc. 03-6926 Filed 3-21-03; 8:45 am]

**BILLING CODE 4410-02-P**

## DEPARTMENT OF THE TREASURY

### Office of Foreign Assets Control

#### 31 CFR Part 515

#### **Cuban Assets Control Regulations: Family and Educational Travel-Related Transactions, Remittances of Inherited Funds, Activities of Cuban Nationals in the United States, Support for the Cuban People, Humanitarian Projects, and Technical Amendments**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Interim final rule; amendments.

**SUMMARY:** The Office of Foreign Assets Control of the U.S. Department of the Treasury is amending the Cuban Assets Control Regulations, part 515 of chapter V of 31 CFR, to implement the President's Initiative for a New Cuba and to make certain technical changes and clarifications.

**DATES:** *Effective Date:* March 24, 2003.

*Comments:* Written comments must be received no later than May 23, 2003.

**ADDRESSES:** Comments may be sent either via regular mail to the Chief of Records, ATTN Request for Comments, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Ave. NW., Washington, DC 20220, or via OFAC's Web site (<http://www.treas.gov/ofac>).

**FOR FURTHER INFORMATION CONTACT:** Chief of Licensing, tel.: 202/622-2480, or Chief Counsel, tel.: 202/622-2410, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

#### **SUPPLEMENTARY INFORMATION:**

##### **Electronic Availability**

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202/512-1530 for disk or paper copies. This file is available for downloading without charge in ASCII and Adobe Acrobat7 readable (\*.PDF) formats. For Internet access, the address for use with the World Wide Web (Home Page), Telnet, or FTP protocol is: [fedbbs.access.gpo.gov](http://fedbbs.access.gpo.gov). This document and additional information concerning the programs of the Office of Foreign Assets Control are available for downloading from the Office's Internet Home Page: <http://www.treas.gov/ofac>, or in fax form through the Office's 24-hour fax-on-demand service: call 202/622-0077 using a fax machine, fax modem, or (within the United States) a touch-tone telephone.

##### **Background**

On May 20, 2002, President Bush announced his Initiative for a New Cuba to encourage freedom within Cuba, make life better for the Cuban people, and give the Cuban people greater control of their economic and political destiny. Among other steps, the President announced that the United States would ease restrictions on humanitarian assistance that directly serves the needs of the Cuban people and helps build Cuban civil society and would offer scholarships for Cuban professionals and students who are trying to build independent civil institutions in Cuba. The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury is publishing this interim final rule amending the Cuban Assets Control Regulations, 31 CFR part 515 (the "Regulations"), to assist in implementing these and other steps in the President's Initiative for a New Cuba. These amendments also make certain corrections to and provide certain clarifications of the Regulations.

*Clarification and expansion of visits to close relatives in Cuba.* These amendments clarify and expand the authorization of travel-related transactions incident to visiting close relatives in Cuba. Specifically, the general license in paragraph (a) of § 515.561 authorizing such transactions on an annual basis is amended to clarify that it may be used to visit only those close relatives who qualify as nationals of Cuba and not to visit those who are engaging in transactions in Cuba pursuant to an OFAC license (such as U.S. students authorized to engage in coursework in Cuba). Visits to persons in Cuba who are not Cuban nationals are now addressed in amended paragraph (c), discussed below.

Paragraph (a) of § 515.561 is also modified to authorize "additional travel-related transactions that are

directly incident to the purpose of visiting close relatives in Cuba. Prior to this amendment, travelers visiting close relatives were restricted to those travel-related transactions set forth in § 515.560(c). These amendments allow travelers to exceed the per diem set forth in § 515.560(c) when such additional expenditures are for travel-related transactions that are directly incident to the purpose of visiting close relatives. For example, a traveler can now exceed the per diem in order to purchase transportation within Cuba to visit close relatives who live great distances from each other. Other changes are made to paragraph (a) to make the paragraph more readable. Paragraph (b) of § 515.561, which states OFAC's policy with respect to licensing transactions related to family visits that exceed the once-per-year limitation, also is amended to state that "additional travel-related transactions" may be authorized.

Former paragraph (c) has been moved to a new paragraph (d) and a new paragraph (c) is added to state OFAC's policy of issuing specific licenses on a case-by-case basis authorizing travel-related transactions incident to visiting close relatives in Cuba who are not nationals of Cuba. For example, the parents of a U.S. student who is authorized to attend classes for one year in Cuba can apply under new paragraph (c) for a license to engage in transactions incident to visiting their child. New paragraph (c) now contains this example.

The definition of "close relative," now in new paragraph (d) of § 515.561, is expanded to include all relatives, whether by blood, marriage, or adoption, who are within three degrees of relationship with the traveler (e.g., great-grandparents and second cousins). Prior to this amendment, the definition of "close relative" was restricted to two degrees of relationship (e.g., grandparents and first cousins). Several examples are provided to assist the reader. Finally, the heading of § 515.561 is amended to refer to visits of "close relatives" instead of the more generic term "family."

*Removal of people-to-people educational exchanges.* These amendments eliminate the statement of licensing policy regarding case-by-case authorization of certain people-to-people educational exchanges. Pursuant to paragraph (b)(2) of § 515.565, OFAC has issued specific licenses to organizations that sponsor people-to-people educational exchanges to take individuals under their auspices on educational trips to Cuba unrelated to academic coursework. Specific licenses

no longer will be granted for this purpose. In order to address the equities of those who already may have committed funds for future travel to Cuba pursuant to a specific license issued under this subparagraph, existing licensees will be allowed to engage in the transactions set forth in their licenses for the duration of those licenses, but no renewals or new licenses will be issued under this paragraph.

*Changes to remittances rules.* These amendments authorize licensed remittances to be made from blocked inherited funds, increase the limit on the number of remittances that can be carried to Cuba by an authorized traveler, restrict quarterly remittances from being sent to senior-level Cuban government or Cuban Communist Party officials, and simplify the remittance rules, located primarily in § 515.570 and, to a lesser extent, in § 515.560(c).

Former paragraphs (a) and (b) of § 515.570 authorized quarterly remittances of \$300 per Cuban household, but only remitters who were close relatives of senior-level Cuban government officials or senior-level Cuban Communist Party officials were authorized to send the quarterly remittances to those officials' households. These amendments remove this distinction by making the households of senior-level Cuban government officials or senior-level Cuban Communist Party officials ineligible to receive quarterly remittances from any remitters. Accordingly, former paragraphs (a) and (b) are combined into one amended paragraph (a) to simplify the section. The new combined authorization is entitled "Periodic \$300 household remittances."

Additional changes are made in the process of combining former paragraphs (a) and (b) into amended paragraph (a). First, the definition of the term "close relative," which is no longer used in this section, is removed. Second, a reference is added directing the reader to new paragraph (c) of this section (discussed below), which authorizes licensed remittances to be made from certain blocked accounts containing inherited funds. These amendments also remove the discussion of remittances that may be carried to Cuba by authorized travelers because those rules are now set forth in their entirety in amended § 515.560(c) (discussed below).

Former paragraph (c) of § 515.570, which authorizes certain emigration-related remittances, is moved to new paragraph (b) and is shortened and simplified.

A new paragraph (c) is added to § 515.570 setting forth a new general license authorizing the periodic household and one-time emigration-related remittances authorized in amended paragraphs (a) and (b) to be made from certain inherited funds blocked in U.S. banking institutions. To qualify for this new general license, the blocked funds must be held in the name or for the benefit of the Cuban national payee and the payee's interest in those funds must have been created as a result of a valid testamentary disposition, intestate succession, or a life insurance policy or annuity contract triggered by the death of the policy or contract holder. OFAC is making this change in part to remedy the result that occurs when a U.S. remitter who regularly sends funds to a Cuban national dies and leaves part of his or her estate to that Cuban national. Prior to these amendments, those funds became inaccessible, eliminating the otherwise authorized flow of remittances to the Cuban national.

At the end of § 515.570, a new note is added referring the reader to amended paragraph (c)(4) of § 515.560 (discussed below) for the rules relating to the carrying of authorized remittances to Cuba by persons authorized to engage in travel-related transactions in Cuba. This note also advises that the provision of remittance forwarding services is prohibited without OFAC authorization, explains that banking institutions are authorized to provide these services, and references OFAC's Website list of all other authorized remittance forwarding service providers.

Section 515.560 is amended to address rules regarding the carrying of authorized remittances to Cuba. Paragraph (c)(4) of § 515.560 is amended to raise the amount of authorized \$300 quarterly household remittances a licensed traveler may carry to Cuba from a total of \$300 to \$3,000. Thus, a licensed traveler may now carry up to ten \$300 household remittances to Cuba (provided that he or she meets all of the remittance authorization requirements set forth in § 515.570(a)). Amended § 515.560(c)(4) continues to state that all remittances carried to Cuba by an authorized traveler must be the traveler's own authorized remittances.

*Activities in the United States by visiting Cuban nationals.* These amendments streamline the authorization of transactions in the United States by visiting Cuban nationals who are issued U.S. visas for the purpose of engaging in certain activities, such as academic or vocational study, teaching, or performing. Currently, section 515.571

authorizes Cuban nationals visiting the United States to engage in transactions such as paying living expenses, engaging in normal banking transactions incident to travel in the United States, and withdrawing limited amounts of funds from blocked accounts for these purposes. These amendments add a new paragraph (a)(5) to § 515.571 to provide a general license authorizing all transactions by Cuban nationals visiting the United States that are ordinarily incident to the activities for which their visas were issued. This license does not authorize receipt of compensation in excess of that needed to cover living expenses and the acquisition of goods for personal consumption in the United States, although a reference is made to § 515.565(a)(2)(v), under which OFAC may authorize the payment to certain Cuban scholars of stipends or salaries that exceed this limit. Examples are provided to assist the reader. This new general license will automatically authorize a Cuban performer's transactions, such as renting a stage, signing a contract to perform, and hiring sound and lighting technicians, if that performer is issued a P (performance) visa. Similarly, Cuban nationals issued student visas are authorized to register and enroll in courses at a U.S. university. Persons in the United States who need to transact with such Cuban nationals will need only to confirm the visa status of the Cuban nationals to determine whether certain transactions are authorized.

*Status of Cuban nationals who leave Cuba.* These amendments clarify the authorization of certain transactions with Cuban nationals who permanently leave Cuba by making various changes to § 515.505. OFAC is amending § 515.505 to identify three different categories of Cuban national individuals who have left Cuba. As amended, paragraph (a)(1) applies to Cuban national individuals who have taken up residence in the United States, have an adjustment of status application pending or have become permanent resident aliens or citizens of the United States, and who are not specially designated nationals of Cuba; paragraph (b) continues to apply to Cuban national individuals who have taken up permanent residence in a third country; and paragraph (c) addresses Cuban national individuals who have been paroled into the United States.

Paragraph (a) of § 515.505 licenses as unblocked nationals any Cuban nationals who have taken up residence in the United States, have become U.S. citizens or permanent resident aliens of the United States (or have pending applications for adjustment of status),

and are not specially designated nationals of Cuba. All transactions with such individuals are authorized, and such individuals can apply to and receive authorization from OFAC to have unblocked any assets in which they have an interest. Cuban national individuals who do not meet these requirements are not licensed as unblocked nationals, even if such persons otherwise appear to be "resident in" the United States.

Paragraph (b) of § 515.505 continues to provide that Cuban national individuals who have taken up permanent residence in a third country can apply to OFAC to be specifically licensed as unblocked nationals. This paragraph is amended to include a list of documents that should be provided in such license applications. Persons subject to U.S. jurisdiction who are considering engaging in transactions in a third country with a Cuban national individual who is not a U.S. national or permanent resident alien should first confirm that that Cuban national has been issued a specific letter from OFAC licensing the Cuban national as an unblocked national. Absent such a license, transactions with that Cuban national are prohibited.

A note is added to paragraphs (a) and (b) explaining that an individual who is unblocked pursuant to either of those paragraphs does not become blocked again simply by ending his or her residence in the United States unless he or she becomes domiciled or a permanent national of Cuba.

Former paragraph (c) of § 515.505 is moved to new paragraph (d) and a new paragraph (c) is added providing a new general license authorizing most transactions with Cuban national individuals who are paroled into the United States and remain in the United States pursuant to that grant of parole. The only difference in embargo status between Cuban nationals licensed as unblocked nationals and those in the United States pursuant to a grant of parole is that the later generally will not be able to obtain specific licenses unblocking any of their property that was blocked in the United States prior to the grant of parole. Such unblocking licenses normally are granted only once a Cuban national is licensed as an unblocked national. Paragraph (c) provides an authorization, however, for individuals in the United States on a grant of parole to withdraw a total of not more than \$250 each month from their blocked accounts.

A new paragraph (e) is added to provide examples that illustrate the application of § 515.505. A note is added at the end of § 515.505 to provide

a cross-reference to § 515.571 (discussed above), which authorizes certain transactions incident to travel to, from, and within the United States by blocked Cuban nationals who are temporarily visiting the United States.

*Expansion of Support for the Cuban People and Humanitarian Programs.* These amendments expand the statements of specific licensing policy regarding transactions that provide support for the Cuban people (§ 515.574) and transactions incident to Cuba-related humanitarian projects (§ 515.575). In § 515.574, paragraph (a) is enlarged to include as licensable those activities of independent organizations designed to promote a rapid, peaceful transition to democracy. In § 515.575, the list of licensable humanitarian activities is enlarged to include construction projects intended to benefit legitimately independent civil society groups and formal (as well as non-formal) educational training within Cuba and elsewhere on topics including civic education, journalism, advocacy, and organizing.

Section 515.575 no longer addresses projects that involve only the donation of goods to meet basic humanitarian needs. Applicants wishing to engage in such transactions should apply under § 515.533(e), which already provides a statement of licensing policy regarding travel transactions related to exports to Cuba. Applicants whose projects include humanitarian activities in Cuba beyond mere exportation, delivery, and servicing of donated goods should still apply under § 515.575.

*Technical Corrections and Clarifications.* These amendments make various technical corrections and clarifications to the Regulations. The definition of the term "national" contained in § 515.302 is amended to clarify that persons whose transactions in Cuba are authorized by OFAC are not considered nationals of Cuba and that any Cuba-located office or sub-unit of an organization is considered a national of Cuba, whether or not the entire organization of which the office or sub-unit is a part is a national of Cuba. The definition of the terms "person subject to the jurisdiction of the United States" and "person within the United States," found in §§ 515.329 and 515.330 respectively, are amended to clarify that non-corporate entities may also be subject to U.S. jurisdiction.

Section 515.420 is amended to clarify that "fully-hosted" status only removes liability for travel-related transactions and not for transactions that are not directly incident to travel, such as services provided in Cuba to a third-country entity.

New § 515.512 formalizes existing practice with respect to provision of legal services. Persons subject to U.S. jurisdiction are authorized to provide certain legal services to Cuba or Cuban nationals but must be licensed to receive payment.

Section 515.533 is amended by adding a new general license to paragraph (b) authorizing persons subject to U.S. jurisdiction to negotiate and sign contracts with Cuban nationals for sales of products from the United States or 100% U.S.-origin products from overseas subsidiaries provided such exports are consistent with current Department of Commerce licensing policy and provided performance of such contracts is expressly made contingent upon the prior authorization by the Department of Commerce. This change further implements the Trade Sanctions Reform and Export Enhancement Act of 2000. Various other technical correction and clarifications are made to § 515.533.

Section 515.559 is clarified to better explain the effects of the Cuban Democracy Act of 1992 (the “CDA”). A note is added to paragraph (b) explaining how the CDA prohibited all but certain specific classes of licenses from being issued under this section. Paragraph (d) of § 515.559 is deleted to clarify that persons within the United States can be involved with the licensed export activities of foreign subsidiaries that receive authorization pursuant to § 515.559.

A new paragraph is added to § 515.567 to clarify that travel-related transactions for attendance at and participation in clinics and workshops in Cuba will only be given if the clinic or workshop is organized and run, at least in part, by the licensee. This section is not meant to be used by individuals wishing to travel to Cuba to engage in such activities when they are organized solely by Cuban entities.

Finally, § 515.572 is amended to reflect that the current licenses for carrier, travel, and remittance forwarding service providers only require annual instead of quarterly reports.

#### **Request for Comments; Procedural Requirements**

Because the Regulations involve a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) (the “APA”) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date are inapplicable. However, because of the importance of the issues addressed in these

regulations, this rule is being issued in interim form and comments will be considered in the development of final regulations. Accordingly, the Department encourages interested persons who wish to comment to do so at the earliest possible time to permit the fullest consideration of their views. Comments may address the impact of the Regulations on the submitter's activities, whether of a commercial, non-commercial or humanitarian nature, as well as changes that would improve the clarity and organization of the Regulations.

The period for submission of comments will close May 23, 2003. The Department will consider all comments received before the close of the comment period in developing final regulations. Comments received after the end of the comment period will be considered if possible, but their consideration cannot be assured. The Department will not accept public comments accompanied by a request that a part or all of the submission be treated confidentially because of its business proprietary nature or for any other reason. The Department will return such submission to the originator without considering them in the development of final regulations. In the interest of accuracy and completeness, the Department requires comments in written form.

All public comments on these Regulations will be a matter of public record. Copies of the public record concerning these Regulations will be made available not sooner than June 23, 2003 and will be obtainable from OFAC's Web site (<http://www.treas.gov/ofac>). If persons are not able to use that service, written requests for copies may be sent to: Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Ave. NW., Washington, DC 20220, Attn: Chief, Records Division.

Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601–612) does not apply.

#### **Paperwork Reduction Act**

The collections of information related to the Regulations are contained in 31 CFR part 501 (the “Reporting and Procedures Regulations”). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been previously approved by the Office of Management and Budget under control number 1505–0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information

unless the collection of information displays a valid control number.

#### **List of Subjects in 31 CFR Part 515**

Administrative practice and procedure, Air carriers, Banks, Banking, Blocking of assets, Cuba, Currency, Estates, Exports, Foreign trade, Imports, Reporting and recordkeeping requirements, Securities, Shipping, Specially designated nationals, Travel restrictions, Vessels.

For the reasons set forth in the preamble, 31 CFR part 515 is amended as follows:

#### **PART 515—CUBAN ASSETS CONTROL REGULATIONS**

1. The authority citation for 31 CFR part 515 continues to read as follows:

**Authority:** 18 U.S.C. 2332d; 22 U.S.C. 2370(a), 6001–6010; 31 U.S.C. 321(b); 50 U.S.C. App 1–44; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 106–387, 114 Stat. 1549; E.O. 9193, 7 FR 5205, 3 CFR, 1938–1943 Comp., p. 1147; E.O. 9989, 13 FR 4891, 3 CFR, 1943–1948 Comp., p. 748; Proc. 3447, 27 FR 1085, 3 CFR, 1959–1963 Comp., p. 157; E.O. 12854, 58 FR 36587, 3 CFR, 1993 Comp., p. 614.

#### **Subpart C—General Definitions**

2. Amend § 515.302 by revising paragraph (a) to read as follows:

##### **§ 515.302 National.**

(a) The term national when used with respect to a country shall include:

(1) A subject or citizen of that country or any person who has been domiciled in or a permanent resident of that country at any time on or since the “effective date,” except persons who were permanent residents of or domiciled in that country in the service of the U.S. Government and persons whose transactions in that country were authorized by the Office of Foreign Assets Control.

(2) Any partnership, association, corporation, or other organization that, on or since the effective date:

(i) Was or has been organized under the laws of that country;

(ii) Had or has had its principal place of business in that country; or

(iii) Was or has been controlled by, or a substantial part of the stocks, share, bonds, debentures, notes, drafts, or other securities or obligations of which was or has been controlled by, directly or indirectly, that country and/or one or more nationals thereof.

(3) Any organization's office or other sub-unit that is located within that country.

(4) Any person to the extent that such person, on or since the “effective date”

was or has been acting or purporting to act directly or indirectly for the benefit or on behalf of any national of that country.

(5) Any other person who there is reasonable cause to believe is a "national" as defined in this section.

\* \* \* \* \*

3. Amend § 515.329 by revising paragraphs (c) and (d) to read as follows:

**§ 515.329 Person subject to the jurisdiction of the United States.**

\* \* \* \* \*

(c) Any corporation, partnership, association, or other organization organized under the laws of the United States or of any State, territory, possession, or district of the United States; and

(d) Any corporation, partnership, association, or other organization, wherever organized or doing business, that is owned or controlled by persons specified in paragraphs (a) or (c) of this section.

4. Amend § 515.330 by revising paragraphs (a)(3) and (a)(4) to read as follows:

**§ 515.330 Person within the United States.**

(a) \* \* \*

(3) Any corporation, partnership, association, or other organization organized under the laws of the United States or of any State, territory, possession, or district of the United States; and

(4) Any corporation, partnership, association, or other organization, wherever organized or doing business, which is owned or controlled by any person or persons specified in paragraphs (a)(1) or (a)(3) of this section.

\* \* \* \* \*

**Subpart D—Interpretations**

5. Amend § 515.420 by revising the introductory text of paragraph (a) and adding a note to paragraph (a) to read as follows:

**§ 515.420 Fully-hosted travel to Cuba.**

(a) A person subject to the jurisdiction of the United States will not be considered to violate the prohibition on engaging in travel-related transactions in which Cuba has an interest when all costs of, and all transactions related to, the travel of that person (the "fully-hosted" traveler) are covered or entered into by a person not subject to the jurisdiction of the United States, provided that:

\* \* \* \* \*

**Note to paragraph (a):** The interpretation set forth in this paragraph applies only to a fully-hosted traveler's travel-related

transactions and not to other transactions in Cuba. For example, a fully-hosted traveler is still prohibited from providing services in Cuba to a third-country national.

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

6. Revise § 515.505 to read as follows:

**§ 515.505 Certain Cuban nationals unblocked; transactions of Cuban nationals paroled into the United States.**

(a) General license unblocking certain persons. The following persons are licensed as unblocked nationals, as that term is defined in § 515.307 of this part:

(1) Any individual who:

(i) Has taken up residence in the United States;

(ii) Is a United States citizen, a permanent resident alien of the United States, or has applied to become a permanent resident alien of the United States and has an adjustment of status application pending; and

(iii) Is not a specially designated national; and

(2) Any entity that otherwise would be a national of Cuba solely because of the interest therein of an individual licensed in paragraph (a)(1) of this section as an unblocked national.

**Note to paragraph (a):** An individual unblocked pursuant to this paragraph does not become blocked again by leaving the United States unless he or she becomes domiciled or a permanent national of Cuba or otherwise becomes a specially designated national.

(b) Specific licenses unblocking individuals permanently resident in third countries. Individual nationals of Cuba who have taken up permanent residence in the authorized trade territory may apply to the Office of Foreign Assets Control to be specifically licensed as unblocked nationals. Applications for specific licenses under this paragraph should include at least two of the following documents issued by the government authorities of the new country of permanent residence: Passport; voter registration card; permanent resident alien card; or national identity card. Other documents tending to show residency, such as income tax returns, also may be submitted in support of government documentation, but are not themselves sufficient.

**Note to paragraph (b):** An individual unblocked pursuant to this paragraph does not become blocked again by leaving the United States unless he or she becomes domiciled or a permanent national of Cuba or otherwise becomes a specially designated national.

(c) General license authorizing certain transactions of individuals paroled into

the United States. An individual national of Cuba who has been paroled into the United States is authorized to engage in all transactions available to unblocked nationals, as that term is defined in § 515.307 of this part, except that all property in which the individual has an interest and that was blocked pursuant to this part prior to the date on which parole was granted shall remain blocked. Such an individual is further authorized to withdraw a total amount not to exceed \$250 in any one calendar month from any blocked accounts held in the individual's name.

(d) The licensing of any person pursuant to this section shall not suspend the requirements of any section of this chapter relating to the maintenance or production of records.

(e) The following examples illustrate the application of this section:

(1) *Example 1:* A national of Cuba with a blocked U.S. bank account receives a U.S. immigration visa. Upon arrival in the United States, she is issued a permanent resident alien card and thereby is licensed as an unblocked national pursuant to paragraph (a) of this section. She can apply immediately to OFAC for a specific license to have her bank account unblocked.

(2) *Example 2:* A national of Cuba with a blocked U.S. bank account arrives in the United States without a valid visa and is paroled into the United States. One year later, he applies for and receives permanent resident alien status. From the date he is paroled into the United States until the date he applies for permanent resident alien status, he qualifies for the general license contained in paragraph (c) of this section. During this time he can engage in all transactions as if he is an unblocked national, but he cannot gain access to his blocked bank account other than to withdraw \$250 each month. Beginning with his application to become a permanent resident alien, he is licensed as an unblocked national pursuant to paragraph (a) of this section. At this time, he can apply to OFAC for a specific license to have his bank account unblocked.

(3) *Example 3:* A national of Cuba with a blocked U.S. bank account arrives in the United States on a temporary visa valid for six months. After her visa expires, she remains in the United States for an additional six months and then applies to become a permanent resident alien. She has an adjustment of status application pending until she receives permanent resident alien status one year later. From her arrival in the United States until her application for permanent resident alien status, she does not qualify for any of the authorizations contained in this section. Instead, she is authorized by § 515.571 only to engage in transactions ordinarily incident to her travel and maintenance in the United States and to withdraw \$250 each month from her blocked account to cover her living expenses. Beginning with her application to become a permanent resident alien, she is licensed as an unblocked national pursuant to paragraph

(a) of this section. At this time, she can apply to OFAC for a specific license to have her bank account unblocked.

**Note to § 515.505:** See § 515.571 for the authorization of certain limited transactions incident to travel to, from, and within the United States by Cuban nationals who enter the United States on a non-immigrant visa or other non-immigrant travel authorization issued by the State Department.

7. Section 515.512 is added read as follows:

**§ 515.512 Provision of certain legal services authorized.**

(a) The provision of the following legal services to or on behalf of Cuba or a Cuban national is authorized, provided that all receipts of payment of professional fees and reimbursement of incurred expenses must be specifically licensed:

(1) Provision of legal advice and counseling on the requirements of and compliance with the laws of any jurisdiction within the United States, provided that such advice and counseling are not provided to facilitate transactions in violation of this part;

(2) Representation of persons when named as defendants in or otherwise made parties to domestic U.S. legal, arbitration, or administrative proceedings;

(3) Initiation and conduct of domestic U.S. legal, arbitration, or administrative proceedings in defense of property interests subject to U.S. jurisdiction;

(4) Representation of persons before any federal or state agency with respect to the imposition, administration, or enforcement of U.S. sanctions against such persons; and

(5) Provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense.

(b) The provision of any other legal services to Cuba or a Cuban national, not otherwise authorized in this part, requires the issuance of a specific license.

(c) Entry into a settlement agreement affecting property or interests in property or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property in which Cuba or a Cuban national has had an interest at any time on or since 12:01 a.m., e.s.t., July 8, 1963, is prohibited except to the extent otherwise provided by law or unless otherwise authorized by or pursuant to this part.

8. Revise § 515.533 to read as follows:

**§ 515.533 Transactions incident to exports from the United States and reexports of U.S.-origin items to Cuba; negotiation of executory contracts.**

(a) All transactions ordinarily incident to the exportation of items from the United States, or the reexportation of U.S.-origin items from a third country, to any person within Cuba are authorized, provided that:

(1) The exportation or reexportation is licensed or otherwise authorized by the Department of Commerce under the provisions of the Export Administration Act of 1979, as amended (50 U.S.C. app. 2401–0420) (see the Export Administration Regulations, 15 CFR 730–774); and

(2) Only the following payment and financing terms may be used:

(i) Payment of cash in advance;

(ii) For authorized sales of agricultural items, financing by a banking institution located in a third country provided the banking institution is not a designated national, U.S. citizen, U.S. permanent resident alien, or an entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches). Such financing may be confirmed or advised by a U.S. banking institution; or

(iii) For all other authorized sales, financing by a banking institution located in a third country provided the banking institution is not a designated national or a person subject to the jurisdiction of the United States. Such financing may be confirmed or advised by a U.S. banking institution.

**Note to paragraph (a):** The transactions authorized by this paragraph include, but are not limited to, all transactions that are directly incident to the shipping of specific exports or reexports (e.g., insurance and transportation of the exports to Cuba). Transactions that are not tied to specific exports or reexports, such as transactions involving future (non-specific) shipments, must be separately licensed by OFAC. For the waiver of the prohibitions on entry into U.S. ports contained in § 515.207 for vessels transporting shipments of items between the United States and Cuba pursuant to this section, see § 515.550.

(b) Persons subject to the jurisdiction of the United States are authorized to engage in all transactions ordinarily incident to negotiation of and entry into executory contracts for the sale of items that may be exported from the United States to Cuba or 100% U.S.-origin items that may be reexported from a third country to Cuba consistent with the export licensing policy of the Department of Commerce, provided that performance of such executory contracts is expressly made contingent on the prior authorization by the Department of Commerce.

**Note to paragraph (b):** This paragraph does not authorize transactions related to travel to, from, or within Cuba. See paragraph (e) for a statement of specific licensing policy with respect to such transactions.

(c) This section does not authorize:

(1) The financing of any transactions from any blocked account.

(2) Any transaction involving, directly or indirectly, property in which any designated national, other than a person located in the country to which the exportation or reexportation is consigned, has an interest or has had an interest since the effective date set forth in § 515.201 of this part.

(d) [Reserved]

(e) Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and other transactions that are directly incident to the marketing, sales negotiation, accompanied delivery, or servicing of exports that appear consistent with the export or re-export licensing policy of the Department of Commerce.

9. Amend § 515.559 by removing paragraph (d) and adding a note to the end of the paragraph (b) to read as follows:

**§ 515.559 Transactions by U.S.-owned or controlled foreign firms with Cuba.**

\* \* \* \* \*

(b) \* \* \*

**Note to paragraph (b):** On October 23, 1992, sections 1705 and 1706 of the Cuban Democracy Act of 1992, Pub. L. 102–484 (Oct. 23, 1992) (codified at 22 U.S.C. 6004 and 6005, respectively), prohibited OFAC from issuing licenses for any transaction described in this paragraph other than those transactions currently set forth in paragraph (a).

\* \* \* \* \*

10. Amend § 515.560 by revising paragraph (c)(4) and by adding a note to paragraph (c)(4) to read as follows:

**§ 515.560 Travel-related transactions to, from, and within Cuba by persons subject to U.S. jurisdiction.**

\* \* \* \* \*

(c) \* \* \*

(4) Carrying remittances to Cuba. The carrying to Cuba of any remittances that the licensed traveler is authorized to remit pursuant to § 515.570 provided that:

(i) The total of all household remittances authorized by § 515.570(a) does not exceed \$3,000, and

(ii) No emigration remittances authorized by § 515.570(b) are carried to Cuba unless a U.S. immigration visa has been issued for each payee and the licensed traveler can produce the visa recipients' full names, dates of birth,

visa numbers, and visa dates of issuance.

**Note to paragraph (c)(4):** This paragraph does not authorize a traveler to carry remittances on behalf of other remitters.

\* \* \* \* \*

11. Revise § 515.561 to read as follows:

**§ 515.561 Persons visiting close relatives in Cuba.**

(a) General license for visiting a close relative who is a national of Cuba once in any 12-month period. Persons subject to the jurisdiction of the United States and persons traveling with them who share a common dwelling as a family with them are authorized to engage in the travel-related transactions set forth in § 515.560(c) and additional travel-related transactions that are directly incident to the purpose of visiting a close relative who is a national of Cuba, as that term is defined in § 515.302 of this part. The authorization contained in this paragraph may be used only once in any 12-month period. Any transactions related to additional family visits must be specifically licensed pursuant to paragraph (b) of this section.

(b) Specific licenses for visiting a close relative who is a national of Cuba more than once in any 12-month period. Specific licenses may be issued on a case-by-case basis authorizing persons subject to the jurisdiction of the United States and persons traveling with them who share a common dwelling as a family with them to engage in the travel-related transactions set forth in § 515.560(c) and additional travel-related transactions that are directly incident to the purpose of visiting a close relative who is a national of Cuba, as that term is defined in § 515.302 of this part, more than once in any 12-month period.

(c) Specific licenses for visiting a close relative who is not a national of Cuba. Specific licenses may be issued on a case-by-case basis authorizing persons subject to the jurisdiction of the United States and persons traveling with them who share a common dwelling as a family with them to engage in the travel-related transactions set forth in § 515.560(c) and additional travel-related transactions that are directly incident to the purpose of visiting a close relative who is not a national of Cuba, as that term is defined in § 515.302 of this part.

*Example to paragraph (c):* If your daughter is a U.S. national engaging in a year-long course of study in Cuba, you need a specific license issued pursuant to this paragraph (c) to engage in transactions incident to traveling to Cuba to visit her.

(d) For the purpose of this section, the term close relative used with respect to any person means any individual related to that person by blood, marriage, or adoption who is no more than three generations removed from that person or from a common ancestor with that person.

*Example to paragraph (d):* Your mother's cousin is your close relative for the purposes of this section, because you are both no more than three generations removed from your great-grandparents, who are the ancestors you have in common. Similarly, your husband's great-grandson is your close relative for the purposes of this section, because he is no more than three generations removed from you. Your daughter's father-in-law is not your close relative for the purposes of this section, because you have no common ancestor.

**§ 515.565 [Amended]**

12. Amend § 515.565 by removing the word "or" and the semicolon at the end of paragraph (b)(1) and adding a period in its place, and by removing and reserving paragraph (b)(2).

13. Amend § 515.567 by revising paragraphs (b) and (c) and adding a note to the section to read as follows:

**§ 515.567 Public performances, clinics, workshops, athletic and other competitions, and exhibitions.**

\* \* \* \* \*

(b) Specific licenses, including for multiple trips to Cuba over an extended period of time, may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and other transactions that are directly incident to participation in a public performance, clinic, workshop, athletic or other competition, or exhibition in Cuba by participants in such activities, provided that:

(1) The event is open for attendance, and in relevant situations participation, by the Cuban public;

(2) All U.S. profits from the event after costs are donated to an independent nongovernmental organization in Cuba or a U.S.-based charity, with the objective, to the extent possible, of promoting people-to-people contacts or otherwise benefiting the Cuban people; and

(3) Any clinics or workshops in Cuba must be organized and run, at least in part, by the licensee. In general, an individual's attendance at a purely Cuba-organized clinic or workshop will not be authorized pursuant to this paragraph.

(c) Specific licenses will not be issued pursuant to this section authorizing any debit to a blocked account.

**Note to § 515.567:** See § 515.571 for the authorization of certain transactions related

to the activities of nationals of Cuba traveling in the United States.

14. Revise § 515.570 to read as follows:

**§ 515.570 Remittances to nationals of Cuba.**

(a) Periodic \$300 household remittances authorized. Persons subject to the jurisdiction of the United States who are 18 years of age or older are authorized to make remittances to Cuban households (including to Cuban individuals living alone) located in Cuba or in the authorized trade territory provided that:

(1) The remitter's total remittances do not exceed \$300 per Cuban household in any consecutive 3-month period, regardless of the number of individuals comprising that household;

(2) The remittances are not made from a blocked source unless:

(i) The remittances are authorized pursuant to paragraph (c) of this section; or

(ii) The remittances are made to a Cuban household in a third country and are made from a blocked account in a banking institution in the United States held in the name of, or in which the beneficial interest is held by, the payee.

(3) No member of the payee's household is a senior-level Cuban government official or senior-level communist party official.

**Note to paragraph (a):** The maximum amount set forth in this paragraph does not apply to remittances to a Cuban individual who has been unblocked or whose current transactions are otherwise authorized pursuant to § 515.505, because remittances to such persons do not require separate authorization.

(b) Two one-time \$500 emigration-related remittances authorized. Persons subject to the jurisdiction of the United States are authorized to remit the following amounts:

(1) Up to \$500 per payee on a one-time basis to any Cuban nationals for the purpose of covering the payees' preliminary expenses associated with emigrating from Cuba to the United States. These remittances may be sent before the payees have received valid visas issued by the State Department or other approved U.S.-immigration documents, but may not be carried by a licensed traveler to Cuba until the payees have received valid visas issued by the State Department or other approved U.S.-immigration documents. See § 515.560(c)(4) of this part for the rules regarding the carrying of authorized remittances to Cuba. These remittances may not be made from a blocked source unless authorized pursuant to paragraph (c) of this section.



(2) Up to an additional \$500 per payee on a one-time basis to any Cuban nationals for the purpose of enabling the payees to emigrate from Cuba to the United States, including for the purchase of airline tickets and payment of exit or third-country visa fees or other travel-related fees. These remittances may be sent only once the payees have received valid visas issued by the State Department or other approved U.S.-immigration documents. A remitter must be able to provide the visa recipients' full names, dates of birth, visa numbers, and visa dates of issuance. See § 515.560(c)(4) of this part for the rules regarding the carrying of authorized remittances to Cuba. These remittances may not be made from a blocked source unless authorized pursuant to paragraph (c) of this section.

(c) Certain remittances from inherited blocked sources authorized. The remittances authorized in paragraphs (a) and (b) of this section may be made from a blocked account in a banking institution in the United States held in the name of, or in which the beneficial interest is held by, the payee, provided that the funds were deposited in the blocked account as a result of a valid testamentary disposition, intestate succession, or payment from a life insurance policy or annuity contract triggered by the death of the policy or contract holder.

(d) Specific licenses. Specific licenses may be issued on a case-by-case basis authorizing the following:

(1) Remittances by persons subject to U.S. jurisdiction to independent non-governmental entities in Cuba.

(2) Remittances by persons subject to U.S. jurisdiction from blocked accounts to Cuban households in third countries in excess of the amount specified in paragraph (a) of this section; or

(3) Remittances by persons subject to U.S. jurisdiction to a person in Cuba, directly or indirectly, for transactions to facilitate non-immigrant travel by an individual in Cuba to the United States under circumstances where humanitarian need is demonstrated, including but not limited to illness or other medical emergency.

**Note to § 515.570:** For the rules relating to the carrying of remittances to Cuba by licensed travelers to Cuba, see paragraph (c)(4) of § 515.560. Persons subject to the jurisdiction of the United States are prohibited from engaging in the collection or forwarding of remittances to Cuba unless authorized pursuant to § 515.572 of this part. Pursuant to § 515.572, all depository institutions (e.g., banks) are authorized to provide such services. For a list of other authorized U.S. remittance service providers, see the following Web site: [http://](http://www.treas.gov/offices/enforcement/ofac/sanctions/cuba_tsp.pdf)

[www.treas.gov/offices/enforcement/ofac/sanctions/cuba\\_tsp.pdf](http://www.treas.gov/offices/enforcement/ofac/sanctions/cuba_tsp.pdf).

15. Amend § 515.571 by revising the introductory text of paragraph (a) and by adding a new paragraph (a)(5) and note to the section to read as follows:

**§ 515.571 Certain transactions incident to travel to, from, and within the United States by Cuban nationals.**

(a) Except as provided in paragraph (c) of this section, the following transactions by or on behalf of a Cuban national who enters the United States on a non-immigrant visa or other non-immigrant travel authorization issued by the State Department are authorized:

\* \* \* \* \*

(5) All transactions ordinarily incident to the activities for which a visa or other travel authorization was issued.

(i) This paragraph (a)(5) does not authorize receipt of compensation in excess of amounts covering living expenses and the acquisition of goods for personal consumption. See § 515.565(a)(2)(v) of this part for the case-by-case authorization of payments to certain Cuban scholars of stipends or salaries that exceed this limit.

(ii) Examples of transactions authorized by this paragraph (a)(5) include: the payment of tuition to a U.S. educational institution by a national of Cuba issued a student visa; the payment of compensation covering only living expenses and the purchase of goods for personal consumption to a national of Cuba issued a performance-related visa; and the rental of a stage by a Cuban group issued a performance visa.

\* \* \* \* \*

**Note to § 515.571:** For the authorization of certain transactions by Cuban nationals who become U.S. citizens, apply for or receive U.S. permanent resident alien status, or are paroled into the United States, see § 515.505 of this part.

**§ 515.572 [Amended]**

16. Amend paragraph (d) of § 515.572 by replacing the word "quarterly" each time it appears with the word "annual" and by replacing the words "three-month" with the words "one-year."

17. Revise § 515.574 to read as follows:

**§ 515.574 Support for the Cuban People.**

(a) Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and other transactions that are intended to provide support for the Cuban people including, but not limited to, the following:

(1) Activities of recognized human rights organizations,

(2) Activities of independent organizations designed to promote a rapid, peaceful transition to democracy, and

(3) Activities of individuals and non-governmental organizations that promote independent activity intended to strengthen civil society in Cuba.

(b) Licenses will be issued pursuant to this section once the applicant shows that the proposed transactions are consistent with the purposes of this section and provides an explanation that no significant accumulation of funds or financial benefit will accrue to the government of Cuba.

18. Revise § 515.575 to read as follows:

**§ 515.575 Humanitarian projects.**

Specific licenses may be issued on a case-by-case basis authorizing the travel-related transactions set forth in § 515.560(c) and such additional transactions as are directly incident to certain humanitarian projects in or related to Cuba not otherwise covered by this part that are designed to directly benefit the Cuban people. Such projects may include, but are not limited to: medical and health-related projects; construction projects intended to benefit legitimately independent civil society groups; environmental projects; projects involving formal or non-formal educational training, within Cuba or off-island, on topics including civil education, journalism, advocacy and organizing, adult literacy, and vocational skills; community-based grassroots projects; projects suitable to the development of small scale private enterprise; projects that are related to agricultural and rural development that promote independent activity; and projects to meet basic human needs. Specific licenses may be issued authorizing transactions for multiple visits for the same project over an extended period of time by applicants demonstrating a significant record of overseas humanitarian projects.

Dated: March 5, 2003.

**R. Richard Newcomb,**

*Director, Office of Foreign Assets Control.*

Approved: March 5, 2003.

**Kenneth E. Lawson,**

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Department of the Treasury.*

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