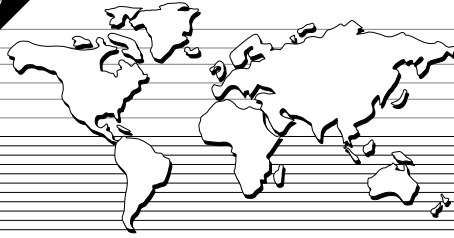




U.S. Department of the Treasury
Office of Foreign Assets Control



OFAC SANCTIONS

A SYNOPSIS FOR THE TRAVEL INDUSTRY

Can a travel agent in the United States...

make travel arrangements to, from, or within Cuba? Not without an authorization from the U.S. Treasury Department.

book a plane ticket to Libya or Iraq, even through third countries? Not without a specific license from Treasury.

arrange transactions for anyone with a Cuban address? Not without a specific license from Treasury.

handle transactions for the governments of Cuba, Libya, Sudan, or Iraq? Not without a specific license from Treasury.

book a room at any of the Corinthia Hotels, or do business with Aerocaribbean Airlines, Cubana Airlines or Vinales Tours? Not those companies, nor any of the other 2,400 individuals and organizations on a U.S. Government Specially Designated list.

Why not? Such transactions are violations of U.S. laws enforced by the Treasury Department's Office of Foreign Assets Control (OFAC).

And what if a travel agent DOES do any of these things? Criminal violations of the statutes administered by OFAC can result in corporate and personal fines of up to \$1 million per count and, in the case of individuals, a maximum of 10 to 12 years in jail per count. OFAC also has independent authority to impose civil penalties from \$11,000 to \$275,000 per count depending upon the sanctions involved.

Is there anything else a travel agent can do that would violate U.S. sanctions and embargoes? Yes! General information can be found inside or at OFAC's website "<http://www.treas.gov/ofac>," or by dialing OFAC's fax-on-demand service at 202/ 622-0077, or calling OFAC Compliance at 202/ 622-2490.

The Treasury Department's Office of Foreign Assets Control (OFAC) administers sanctions and embargo programs involving Libya, Iran, Iraq, Cuba, Sudan, the Federal Republic of Yugoslavia (Serbia & Montenegro), the Taliban in Afghanistan, terrorists, and international narcotics traffickers. Each program has its own regulatory requirements and binding legal guidance exists in the form of OFAC regulations published for each program. OFAC also administers controls on certain funds flows from the Government of Syria, restrictions on imports from North Korea, prohibitions against certain exports from and imports to the UNITA faction in Angola, imports produced or provided by foreign persons designated by the Secretary of State who promote proliferation of weapons of mass destruction, and against new investment in Burma (Myanmar). It is critical that travel service providers (travel agents, ticket agents, tour operators, etc.) be aware of the programs with restrictions applicable to their industry in order to avoid violations and costly fines.

This overview is intended as a quick synopsis for reference by the travel industry. For legal guidance as to what is permitted, you must consult the regulations promulgated by OFAC for each sanctions program, or, prior to the promulgation of regulations, the applicable Executive Order or statute.

■ CUBA

□ AUTHORIZED TRAVEL SERVICE PROVIDERS - U.S. travel service providers who handle travel arrangements to, from, or within Cuba must

obtain authorization from the U.S. Treasury Department to engage in such activities. These authorizations are issued based on written applications from the service providers, subject to appropriate checks by the Treasury Department. Travelers to Cuba are cautioned against using any travel service provider that does not hold a valid Treasury authorization. A list of authorized travel service providers may be obtained by dialing OFAC's fax-on-demand service at (202)622-0077.

□ TRAVEL TO CUBA - Travel to Cuba, either directly or through third countries, is restricted. **For more complete information, see the Cuban Assets Control Regulations at 31 C.F.R. Part 515 or OFAC's brochure, Cuba: What You Need to Know About the U.S. Embargo.**

Any person residing in the United States, regardless of citizenship, is prohibited from spending money (in any currency) relating to Cuban travel unless the traveler is licensed by OFAC. Transactions related to tourist travel are prohibited and cannot be licensed. Providing services of any kind to Cuba or a Cuban national in exchange for fully hosted travel (see below) also is prohibited.

General licenses exist to enable particular categories of U.S. persons to spend money in Cuba without contacting OFAC. The authority is written into the Regulations. Persons authorized to travel to Cuba under a general license are:

- Official government travelers traveling on official business;
- Members of international organizations of which the United States is also a member traveling on official business;

- Journalists and support broadcasting or technical personnel regularly employed in this capacity by a news reporting organization and traveling for journalistic activities; and
- Persons traveling once a year to visit close relatives in Cuba in circumstances of humanitarian need.
- Full-time professionals whose travel transactions are directly related to professional research in their professional areas.
- Full-time professionals whose travel transactions are directly related to attendance at professional meetings or conferences in Cuba organized by an international professional organization, institution, or association that regularly sponsors such meetings or conferences in other countries.
- Amateur or semi-professional athletes or teams traveling to Cuba to participate in an athletic competition held under the auspices of the relevant international sports federation.

A specific license may be granted by OFAC to other applicants prior to their travel to Cuba. Such licenses, issued on a case-by-case basis, are available, for example, for:

- Humanitarian travel including (1) persons traveling to Cuba more than once in a twelve month period to visit close relatives in cases involving hardship, such as terminal illness or severe medical emergency; (2) persons traveling to Cuba to accompany licensed humanitarian donations (other than gift parcels); or (3) persons traveling in connection with activities of recognized human rights organizations investigating specific human rights violations.
- Travel for clearly defined educational or religious activities, or for purposes related to the exportation, importation, or transmission of information and informational materials, including provision of telecommunications services.

Again, you are urged to see the Regulations or OFAC's Cuba brochure. The *per diem* which must cover all expenses while in Cuba may not exceed \$183. See <<http://www.state.gov/www/perdiems/index.html>> for up-to-date changes in the *per diem*. Licensed travelers also are authorized to purchase up to \$100 worth of Cuban merchandise for personal use only which may be brought back into the United States as accompanied baggage. The purchase of publications and other informational material is not restricted. Records on all transactions must be retained for five years.

Fully hosted travelers may travel to Cuba without contacting OFAC if all of the traveler's expenses incurred in Cuba, including any visa and entry or exit fees, are covered by a person not subject to U.S. jurisdiction. It should be noted that travel to Cuba merely arranged by tour operators in a third country such as Canada or Mexico is not considered for that reason to be fully hosted. A fully hosted traveler may not bring back any Cuban-origin goods, except for informational materials.

❑ **IMPORTING FROM CUBA** - Apart from authorized travelers to Cuba who may bring back \$100 worth of Cuban merchandise for personal use as accompanied baggage, goods or services of Cuban origin may not be imported into the United States either directly or through third countries, such as Canada or Mexico. Publications, artwork, or other informational materials are exempt from OFAC restrictions and may be imported without limitation as to quantity or value. The expenditure of funds for travel transactions in connection with procuring such items is not exempt and must be specifically licensed.

❑ **VESSELS TO AND FROM CUBA** - All persons on board a vessel calling in Cuba, including the owner, must be an authorized traveler to engage in travel transactions in Cuba. Unauthorized travelers may not purchase anything meals, pay for transportation, lodging, dockage or mooring fees, cruising fees, visa, entry or exit fees, nor can they bring any Cuban origin goods back to the United States. Moreover, any payments to the Marina Hemingway International Yacht Club is considered a payment to a Cuban national and therefore in violation of the Regulations. No vessel that enters a Cuban port to engage in trade of goods or the purchase of services may enter a U.S. port to load or unload freight for a period of 180 days following departure from Cuba. No vessel carrying goods or passengers to or from Cuba or carrying goods in which Cuba or a Cuban national has an interest may enter a U.S. port with such goods or passengers on board without a specific license from OFAC.

❑ **EMERGENCIES**- In case of emergencies requiring financial transactions such as emergency repair of vessels or medical treatment, travelers should immediately contact OFAC at (202)622-2480, to discuss necessary authorizations.

■ NORTH KOREA

❑ **TRAVEL TO NORTH KOREA** - U.S. passports are valid for travel to North Korea and individuals do not need U.S. Government permission to travel there. All transactions ordinarily incident to travel to, from, and within North Korea and to maintenance within North Korea are authorized. U.S. travel service providers are authorized to organize group travel to North Korea, including transactions with North Korean carriers.

■ LIBYA

❑ **TRAVEL TO LIBYA** - All transportation-related transactions involving Libya by U.S. persons are prohibited, including the sale in the United States of any transportation by air which includes any stop in Libya. All travel-related transactions are prohibited for U.S. citizens or residents with regard to Libya, except for travel (1) by close family members of Libyan nationals when the U.S. citizen or resident has registered with OFAC or with the Embassy of Belgium in Tripoli, (2) by journalists regularly employed in such capacity by a newsgathering organization whose travel relates to journalistic activity, (3) by U.S. persons to negotiate contracts for the sale of food, medicine, or medical equipment pursuant to the Libyan Sanctions Regulations, or (4) as licensed by OFAC. U.S. passports must be validated by the U.S. Department of State prior to traveling to Libya. Travel to Libya by a U.S. person may also be authorized if the travel is fully hosted (paid for) by a non-U.S. person and no services are provided by the U.S. person while in Libya, but State Department passport requirements must still be met. For additional information about the registration process, please call OFAC at (202) 622-2480.

❑ **IMPORTING FROM LIBYA** - Goods or services of Libyan origin may not be imported into the United States either directly or through third countries. There are two exceptions: (1) Libyan merchandise up to \$100 in value in non-commercial quantities may be brought into the United States either for strictly personal use as accompanied baggage by an authorized traveler or sent as a gift to a person in the United States, and (2) publications and similar informational material may be imported without restriction.

■ IRAQ

❑ **TRAVEL TO IRAQ** - All unauthorized transportation-related transactions and services, or the use by U.S. persons of vessels or aircraft registered in Iraq, are prohibited. All travel-related transactions by U.S. persons also are prohibited without specific authorization from OFAC. There are narrow exceptions related to journalism, official U.S. Government or United Nations business, or one's own departure from Iraq.

❑ **IMPORTING FROM IRAQ** - Except as provided for under UNSC Resolution 986, goods or services cannot be imported from Iraq into the United States either directly or through third countries. Any activity that promotes or is intended to promote such importation is prohibited.

■ IRAN

❑ **TRAVEL TO IRAN** - Transactions associated with travel to or from Iran, including the importation of accompanied baggage for strictly personal use, payment of maintenance and living expenses and the acquisition of goods or services for personal use are permitted. Certain transactions related to the arrangement or facilitation of such travel, including nonscheduled air, sea, or land voyages, are permitted. Also permitted are certain travel-related transactions with Iranian carriers by U.S. travelers and those

involving group tours, and payments in Iran made with cash or traveler's checks for transactions for personal travel.

❑ **IMPORTING FROM IRAN** - Other than gifts valued at \$100 or less, household and personal effects of persons moving to the United States, and Iranian-origin publications and similar informational materials, goods or services of Iranian origin may not be imported into the United States, either directly or through third countries. This includes Iranian-origin carpets purchased in any country outside the United States. U.S. persons are prohibited from providing financing for prohibited import transactions.

■ SUDAN

On November 3, 1997, President Clinton signed Executive Order 13067 imposing a trade embargo against Sudan and a total asset freeze against the Government of Sudan. While the Order does not restrict travel, it prohibits the importation into the United States of any goods or services of Sudanese origin, other than information or informational materials. It also prohibits the exportation or reexportation, directly or indirectly, to Sudan of any goods, technology (including technical data, software, or other information), or services from the United States or by a U.S. person. The only exceptions to the export prohibition are donations of articles intended to relieve human suffering (such as food, clothing, or medicine) and informational materials. The Order also prohibits the performance by any U.S. person of any contract in support of an industrial, commercial, public utility or governmental project in Sudan and any transaction by a U.S. person relating to transportation of cargo to or from Sudan or the provision of transportation of cargo to or from the United States by any vessel or aircraft of Sudanese registry.

■ SPECIALLY DESIGNATED NATIONALS

Merely being aware of country-specific restrictions is not enough. There is also an absolute prohibition against engaging in transactions with individuals or entities on OFAC's list of Specially Designated Nationals and Blocked Persons (the "SDN List"), named parties owned or controlled by, or acting for or on behalf of, targetted governments or groups such as international narcotics traffickers or terrorists. For example, the Corinthia Hotels, Aerocaribbean Airlines, Cubana Airlines and Vinales Tours referred to on the first page of this brochure are four of 2,400 SDNs. These names are published in the *Federal Register*, an official publication of the U.S. Government. Helpful information also may be obtained by calling OFAC at (202) 622-2420, or by logging on to OFAC's Home Page site (<<http://www.treas.gov/ofac>>), or by dialing OFAC's fax-on-demand service at (202) 622-0077.

EXAMPLES OF SPECIALLY DESIGNATED NATIONALS (SDNs)

Aerocaribbean Airlines

Corinthia Palace Hotels

Cubana Airlines

Iraqi Airways

Libyan Arab Airlines

Sudan Airways

Viajes Guama Tours

Vinales Tours

The listing is considered partial because every U.S. individual or organization engaging in transactions with foreign nationals must take reasonable care to make certain that such foreign nationals are not owned or controlled by or acting for or on behalf of the targetted governments or groups. Travel service providers and individuals who transact business with SDNs may be subject to criminal prosecution or civil monetary penalties.

■ OFAC CHECKLIST

Before you conduct business, you should ensure that the arrangements you are making do not involve:

- ✓ an individual or entity that appears on OFAC's SDN list;
- ✓ an individual or entity with a Cuban address;
- ✓ a national of Cuba, regardless of address (unless the national is a permanent resident of the United States or is unblocked by an OFAC specific license);
- ✓ travel to Cuba (unless your firm is specially authorized by OFAC to arrange such travel for persons traveling under OFAC general or specific licenses);
- ✓ travel to Libya or Iraq; or
- ✓ the government of Cuba, Libya, Sudan, or Iraq.

If you encounter any of these situations, you should contact OFAC at 202/622-2490.

■ ADDITIONAL INFORMATION

Whenever there is an update to any OFAC regulation, an addition or removal of an SDN, or any other announcement from OFAC, the information is quickly made available electronically via many different sources:

☛ All of OFAC's program "brochures," as well as SDN information, are available free in downloadable camera-ready Adobe Acrobat® ".PDF" format over the Treasury Department's World Wide Web Server. OFAC's Home Page site is <<http://www.treas.gov/ofac>>. The Page also contains a self-extracting ASCII file of the SDN list in DOS, delimited, fixed-field, and country-specific versions, a free Adobe Acrobat Reader_® to view and print ".PDF" files, access to all OFAC-related Executive Orders, U.N. Resolutions, statutes, regulations, and the *Code of Federal Regulations* as well as to brochures in ASCII format, and to OFAC's extended electronic information reading room at GPO (FAC_MISC). All of OFAC's "forms," including its Annual Report on Blocked Property, Cuban Remittance Affidavit, and license application are electronically available on the site. Whenever there is a change in any of the data on OFAC's Home Page, the [DATE] changes on the face of the Page; users can automate their compliance by structuring their Internet connection to use a Web browser to watch for that date change, check a "What's new?" file to get the details about changes, and download OFAC's latest information. There is also a separate date-indicator for OFAC's SDN list. Call OFAC Compliance at 202/622-2490 with any questions.

☛ OFAC operates a free automated fax-on-demand service, which can be accessed 24 hours a day, seven days a week, by dialing (202) 622-0077 from any touchtone phone and following voice prompts. OFAC documents kept up to date on the system include program and general brochures, listings of Specially Designated Nationals and Blocked Persons, including changes to the listings, licensing guidelines, and *Federal Register* notices. The "Index of Available Documents" is date-specific.

☛ The free Federal Bulletin Board of the U.S. Government Printing Office, which is linked to the *Federal Register* and *Code of Federal Regulations*, carries all OFAC brochures in ASCII and Adobe/Acrobat® ".PDF" format, as well as the entire *Code of Federal Regulations* containing OFAC regulations, all *Federal Register* notices that OFAC puts out, and all of OFAC's current press releases. For information on the Federal Bulletin Board call (202) 512-1530 or dial (202) 512-1387 to connect. The information is also available over the Internet via GPO ACCESS at <fedbbs.access.gpo.gov>.

☛ The U.S. Commerce Department operates a monthly subscription CD-Rom service (the National Trade Data Bank) with OFAC data in ASCII format (call

202-482-1986 for information). The U.S. Customs Service maintains a free Customs Electronic Bulletin Board; OFAC's information is available as a date-specific self-extracting DOS file ("OFAC*.EXE" under "Files" and then "Customs Extra!"); access is via the Internet at <<http://209.122.8.97>> or "cebb.customs.treas.gov." The American Society of Travel Agents has a special link to OFAC on <<http://www.astanet.com>>. Numerous other industry groups link to OFAC's website, among them: the U.S. Maritime Administration (<<http://marad.dot.gov>>), the International Financial Services Association (<<http://www.intlbanking.org>>), the International Banking Operations Association (<<http://www.iboa.com>>), the National Association of Securities Dealers (<<http://www.nasdr.com>>), the Securities and Exchange Commission (<<http://www.sec.gov>>), the Securities Industry Association (<<http://www.sia.com>>), the Institute of Real Estate Management (<<http://www.irem.org>>), and the Commercial Investment Real Estate Institute (<<http://www.cre.org>>).

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(06-19-2000)