

FAC No. IA-[text deleted]

[text deleted]

Dear [text deleted]:

This correspondence is in response to your letters [text deleted], on behalf of [U.S. company]. You requested clarification as to whether a license could be issued to [U.S. company] permitting it to pay a court judgment to [Iranian company], in the amount of [text deleted], plus interest and attorney's fees. Your inquiry noted that, as [Iranian company] is now defunct, all rights in this lawsuit have been assigned to [third country national], a resident of [text deleted].

The Iranian Transactions Regulations, 31 C.F.R. Part 560 (the "Regulations") prohibit the exportation, reexportation, sale or supply, directly or indirectly, from the United States or by a U.S. person, wherever located, of any goods, technology, or services to Iran or the Government of Iran. § 560.204.

The Regulations generally do not prohibit the payment by a U.S. person of court costs relating to litigation with an Iranian entity and, in this instance, no license is required for [U.S. company] to pay such costs. In addition, to the extent that the judgment [U.S. company] has been ordered to pay relates to services provided by [Iranian company] prior to the existence of the sanctions imposed against trade with Iran beginning in May 1995, you do not need a license from OFAC to pay the judgment, provided the funds are routed properly. (See § 560.516)

However, to the extent that the judgment relates to money owed for services performed by [Iranian company] after the imposition of trade sanctions in May 1995, the payment of the judgment would constitute a prohibited trade-related transaction relating to an importation of Iranian-origin services. The attached license from OFAC specifically authorizes you to pay the judgment referenced in your application.

From your letter, it does not appear as if the payment of the judgment will be made to an entity in Iran. However, please note that if such a payment to Iran is contemplated, §560.516 of the Regulations authorizes U.S. depository institutions to transfer funds to Iran if (1) the transfer arises from an underlying transaction either not prohibited by the Regulations or authorized by a specific or general license, and (2) the transfer does not involve the debiting or crediting of accounts of persons in Iran or of the Government of Iran maintained on the books of a United States depository institution. § 560.516 (a) (3). The funds would, therefore, first have to be transferred to an account in a third country bank that is neither a U.S. person nor an Iranian entity.

Sincerely,



R. Richard Newcomb
Director
Office of Foreign Assets Control