DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 501, 510, 535, 536, 539, 541, 542, 544, 546, 547, 548, 549, 552, 560, 561, 566, 576, 583, 584, 588, 592, 594, 597, and 598

Inflation Adjustment of Civil Monetary Penalties

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury’s Office of Foreign Assets Control (OFAC) is issuing this final rule to adjust certain civil monetary penalties for inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

DATES: This rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: OFAC: Assistant Director for Licensing, 202-622-2480; Assistant Director for Regulatory Affairs, 202-622-4855; Assistant Director for Sanctions Compliance & Evaluation, 202-622-2490.

SUPPLEMENTARY INFORMATION:

Electronic Availability

This document and additional information concerning OFAC are available from OFAC’s website (www.treasury.gov/ofac).

Background

to a formula described in section 5 of the FCPIA Act. One purpose of the FCPIA Act is to ensure that CMPs continue to maintain their deterrent effect through periodic cost-of-living based adjustments.

OFAC has adjusted its CMPs six times since the Federal Civil Penalties Inflation Adjustment Act Improvements Act went into effect on November 2, 2015: an initial catch-up adjustment on August 1, 2016 (81 FR 43070, July 1, 2016); an additional initial catch-up adjustment related to CMPs for failure to comply with a requirement to furnish information, the late filing of a required report, and failure to maintain records (“recordkeeping CMPs”) that were inadvertently omitted from the August 1, 2016 initial catch-up adjustment on October 5, 2020 (85 FR 54911, September 3, 2020); and annual adjustments on February 10, 2017 (82 FR 10434, February 10, 2017); March 19, 2018 (83 FR 11876, March 19, 2018); June 14, 2019 (84 FR 27714, June 14, 2019); and April 9, 2020 (85 FR 19884, April 9, 2020).

Method of Calculation

The method of calculating CMP adjustments applied in this final rule is required by the FCPIA Act. Under the FCPIA Act and the Office of Management and Budget guidance required by the FCPIA Act, annual inflation adjustments subsequent to the initial catch-up adjustment are to be based on the percent change between the Consumer Price Index for all Urban Consumers (“CPI-U”) for the October preceding the date of the adjustment and the prior year’s October CPI-U. As set forth in Office of Management and Budget Memorandum M-21-10 of December 23, 2020, the adjustment multiplier for 2021 is 1.01182. In order to complete the 2021 annual adjustment, each current CMP is multiplied by the 2021 adjustment multiplier. Under the FCPIA Act, any increase in CMP must be rounded to the nearest multiple of $1.

New Penalty Amounts

The table below summarizes the existing and new maximum CMP amounts for each statute.

Table 1—Maximum CMP amounts for Relevant Statutes

<table>
<thead>
<tr>
<th>Statute</th>
<th>Existing maximum CMP amount</th>
<th>Maximum CMP amount effective [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER]</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWEA</td>
<td>$90,743</td>
<td>$91,816</td>
</tr>
<tr>
<td>IEEPA</td>
<td>$307,922</td>
<td>$311,562</td>
</tr>
<tr>
<td>AEDPA</td>
<td>$81,283</td>
<td>$82,244</td>
</tr>
<tr>
<td>FNKDA</td>
<td>$1,529,991</td>
<td>$1,548,075</td>
</tr>
<tr>
<td>CDTA</td>
<td>$13,910</td>
<td>$14,074</td>
</tr>
</tbody>
</table>

In addition to updating these maximum CMP amounts, OFAC is also updating two references to one-half the IEEPA maximum CMP from $153,961 to $155,781, and is adjusting the recordkeeping CMP amounts found in OFAC’s Economic Sanctions Enforcement Guidelines in appendix A to 31 CFR part 501. The table below summarizes the existing and new maximum CMP amounts for OFAC’s recordkeeping CMPs.

Table 2—Maximum CMP amounts for Recordkeeping CMPs

<table>
<thead>
<tr>
<th>Violation</th>
<th>Existing maximum CMP amount</th>
<th>Maximum CMP amount effective [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER]</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to furnish information pursuant to 31 CFR 501.602 irrespective of whether any other violation is alleged.</td>
<td>$23,765</td>
</tr>
<tr>
<td>Failure to furnish information pursuant to 31 CFR 501.602 where OFAC has reason to believe that the apparent violation(s) involves a transaction(s) valued at greater than $500,000, irrespective of whether any other violation is alleged.</td>
<td>$59,413</td>
</tr>
<tr>
<td>Late filing of a required report, whether set forth in regulations or in a specific license, if filed within the first 30 days after the report is due.</td>
<td>$2,970</td>
</tr>
<tr>
<td>Late filing of a required report, whether set forth in regulations or in a specific license, if filed more than 30 days after the report is due.</td>
<td>$5,942</td>
</tr>
<tr>
<td>Late filing of a required report, whether set forth in regulations or in a specific license, if the report relates to blocked assets, an additional CMP for every 30 days that the report is overdue, up to five years.</td>
<td>$1,189</td>
</tr>
<tr>
<td>Failure to maintain records in conformance with the requirements of OFAC’s regulations or of a specific license.</td>
<td>$59,522</td>
</tr>
</tbody>
</table>

Finally, OFAC is making technical changes in the authorities citations of 31 CFR parts 501, 510, 535, 536, 539, 541, 542, 544, 546, 547, 548, 549, 552, 560, 561, 566, 576,
583, 584, 588, 592, 594, 597 and 598 to consolidate or shorten citations to conform to Federal Register guidance and to more specifically reference one of the relevant statutory authorities.

**Public Participation**

The FCPIA Act expressly exempts this final rule from the notice and comment requirements of the Administrative Procedure Act by directing agencies to adjust CMPs for inflation “notwithstanding section 553 of title 5, United States Code” (Pub. L. 114-74, 129 Stat. 599; 28 U.S.C. 2461 note). As such, this final rule is being issued without prior public notice or opportunity for public comment, with an effective date of [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER].

**Paperwork Reduction Act**

The Paperwork Reduction Act does not apply because this rule does not impose information collection requirements that would require the approval of the Office of Management and Budget under 44 U.S.C. 3501 et seq.

**List of Subjects in 31 CFR Parts 501, 510, 535, 536, 539, 541, 542, 544, 546, 547, 548, 549, 552, 560, 561, 566, 576, 583, 584, 588, 592, 594, 597, and 598**

Administrative practice and procedure, Banks, banking, Blocking of assets, Exports, Foreign trade, Licensing, Penalties, Sanctions.

For the reasons set forth in the preamble, the Department of the Treasury’s Office of Foreign Assets Control amends 31 CFR chapter V as follows:

**PART 501—REPORTING, PROCEDURES AND PENALTIES REGULATIONS**

1. The authority citation for part 501 is revised to read as follows:

Subpart D—Trading With the Enemy Act (TWEA) Penalties

§ 501.701 [Amended]

2. In § 501.701, in paragraph (a)(3) introductory text, remove “$90,743” and add in its place “$91,816”.

3. Amend appendix A to part 501 as follows:
   a. In paragraph IV.A., remove “$23,765” and add in its place “$24,046” and remove “$59,413” and add in its place “$60,115”.
   b. In paragraph IV.B., remove “$2,970” and add in its place “$3,005”, remove “$5,942” and add in its place “$6,012”, and remove “$1,189” and add in its place “$1,203”.
   c. In paragraph IV.C., remove “$59,522” and add in its place “$60,226”.
   d. In paragraph V.B.2.a.i., remove “$153,961” and add in its place “$155,781” and remove “$307,922” and add in its place “$311,562”.
   e. In paragraph V.B.2.a.ii., remove “$307,922” in all three locations where it appears and add in its place in all three locations “$311,562”.
   f. In paragraph V.B.2.a.v., remove “$307,922” and add in its place “$311,562”, remove “$90,743” and add in its place “$91,816”, remove “$1,529,991” and add in its place “$1,548,075”, remove “$81,283” and add in its place “$82,244”, and remove “$13,910” and add in its place “$14,074”.
   g. Revise paragraph V.B.2.a.vi.

The revision reads as follows:


* * * * *

V. * * *

B. * * *

2. * * *

a. * * *
vi. The following matrix represents the base amount of the proposed civil penalty for each category of violation:

**BASE PENALTY MATRIX**

<table>
<thead>
<tr>
<th>Egregious Case</th>
<th>NO</th>
<th>YES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NO</strong></td>
<td>(1) One-Half of Transaction Value (capped at lesser of $155,781 or one-half of the applicable statutory maximum per violation)</td>
<td>(3) One-Half of Applicable Statutory Maximum</td>
</tr>
<tr>
<td><strong>YES</strong></td>
<td>(2) Applicable Schedule Amount (capped at lesser of $311,562 or the applicable statutory maximum per violation)</td>
<td>(4) Applicable Statutory Maximum</td>
</tr>
</tbody>
</table>

* * * * *

**PART 510—NORTH KOREA SANCTIONS REGULATIONS**

4. The authority citation for part 510 is revised to read as follows:

Subpart G—Penalties

§ 510.701 [Amended]

5. In § 510.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 535—IRANIAN ASSETS CONTROL REGULATIONS

6. The authority citation for part 535 is revised to read as follows:

Comp., p. 248; E.O. 12211, 45 FR 26685, 3 CFR, 1980 Comp., p. 253; E.O. 12276, 46 FR
E.O. 12280, 46 FR 7921, 3 CFR, 1981 Comp., p. 110; E.O. 12281, 46 FR 7923, 3 CFR,
1981 Comp., p. 112; E.O. 12282, 46 FR 7925, 3 CFR, 1981 Comp., p. 113; E.O. 12283, 46
139.

Subpart G—Penalties

§ 535.701 [Amended]

7. In § 535.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 536—NARCOTICS TRAFFICKING SANCTIONS REGULATIONS

8. The authority citation for part 536 is revised to read as follows:

166.
Subpart G—Penalties

§ 536.701 [Amended]

9. In § 536.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 539—WEAPONS OF MASS DESTRUCTION TRADE CONTROL REGULATIONS

10. The authority citation for part 539 is revised to read as follows:


Subpart G—Penalties

§ 539.701 [Amended]

11. In § 539.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 541—ZIMBABWE SANCTIONS REGULATIONS

12. The authority citation for part 541 is revised to read as follows:


Subpart G—Penalties

§ 541.701 [Amended]

13. In § 541.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 542—SYRIAN SANCTIONS REGULATIONS

14. The authority citation for part 542 is revised to read as follows:

Subpart G—Penalties

§ 542.701 [Amended]

15. In § 542.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 544—WEAPONS OF MASS DESTRUCTION PROLIFERATORS

SANCTIONS REGULATIONS

16. The authority citation for part 544 is revised to read as follows:


Subpart G—Penalties

§ 544.701 [Amended]

17. In § 544.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 546—DARFUR SANCTIONS REGULATIONS

18. The authority citation for part 546 is revised to read as follows:


Subpart G—Penalties

§ 546.701 [Amended]
19. In § 546.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 547—DEMOCRATIC REPUBLIC OF THE CONGO SANCTIONS REGULATIONS

20. The authority citation for part 547 is revised to read as follows:


Subpart G—Penalties

§ 547.701 [Amended]

21. In § 547.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 548—BELARUS SANCTIONS REGULATIONS

22. The authority citation for part 548 is revised to read as follows:


Subpart G—Penalties

§ 548.701 [Amended]

23. In § 548.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 549—LEBANON SANCTIONS REGULATIONS

24. The authority citation for part 549 is revised to read as follows:


Subpart G—Penalties

§ 549.701 [Amended]
25. In § 549.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 552—YEMEN SANCTIONS REGULATIONS

26. The authority citation for part 552 is revised to read as follows:


Subpart G—Penalties

§ 552.701 [Amended]

27. In § 552.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 560—IRANIAN TRANSACTIONS AND SANCTIONS REGULATIONS

28. The authority citation for part 560 is revised to read as follows:


Subpart G—Penalties

§ 560.701 [Amended]

29. In § 560.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 561—IRANIAN FINANCIAL SANCTIONS REGULATIONS

30. The authority citation for part 561 is revised to read as follows:

Subpart G—Penalties

§ 561.701 [Amended]

31. In § 561.701, in paragraph (a)(4), remove “$307,922” and add in its place “$311,562”.

PART 566—HIZBALLAH FINANCIAL SANCTIONS REGULATIONS

32. The authority citation for part 566 is revised to read as follows:


Subpart G—Penalties

§ 566.701 [Amended]

33. In § 566.701, in paragraph (b), remove “$307,922” and add in its place “$311,562”.

PART 576—IRAQ STABILIZATION AND INSURGENCY SANCTIONS REGULATIONS

34. The authority citation for part 576 is revised to read as follows:


Subpart G—Penalties

§ 576.701 [Amended]

35. In § 576.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.
PART 583—GLOBAL MAGNITSKY SANCTIONS REGULATIONS

36. The authority citation for part 583 is revised to read as follows:


§ 583.701 [Amended]

37. In § 583.701, in paragraph (c), remove “$307,922” and add in its place “$311,562”.

PART 584—MAGNITSKY ACT SANCTIONS REGULATIONS

38. The authority citation for part 584 is revised to read as follows:


§ 584.701 [Amended]

39. In § 584.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 588—WESTERN BALKANS STABILIZATION REGULATIONS

40. The authority citation for part 588 is revised to read as follows:


Subpart G—Penalties

§ 588.701 [Amended]

41. In § 588.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 592—ROUGH DIAMONDS CONTROL REGULATIONS

42. The authority citation for part 592 is revised to read as follows:
Subpart F—Penalties

§ 592.601 [Amended]

43. In § 592.601, in paragraph (a)(2), remove “$13,910” and add in its place “$14,074”.

PART 594—GLOBAL TERRORISM SANCTIONS REGULATIONS

44. The authority citation for part 594 is revised to read as follows:


Subpart G—Penalties

§ 594.701 [Amended]

45. In § 594.701, in paragraph (a)(2), remove “$307,922” and add in its place “$311,562”.

PART 597—FOREIGN TERRORIST ORGANIZATIONS SANCTIONS REGULATIONS

46. The authority citation for part 597 is revised to read as follows:


Subpart G—Penalties

§ 597.701 [Amended]

47. In § 597.701, in paragraph (b)(3), remove “$81,283” and add in its place “$82,244”.
PART 598—FOREIGN NARCOTICS KINGPIN SANCTIONS REGULATIONS

48. The authority citation for part 598 is revised to read as follows:


Subpart G—Penalties

§ 598.701 [Amended]

49. In § 598.701, in paragraph (a)(4), remove “$1,529,991” and add in its place “$1,548,075”.

Dated: March 12, 2021.

Bradley T. Smith,
Acting Director, Office of Foreign Assets Control.

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