

PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAN

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAN THAT WAS DECLARED IN EXECUTIVE
ORDER 12957 OF MARCH 15, 1995, PURSUANT TO 50 U.S.C. 1641(c),
50 U.S.C. 1730(c) and 22 U.S.C. 2349aa-9(c)



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To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa–9(c), I am transmitting a 6-month periodic report prepared by my Administration on the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995.

GEORGE W. BUSH.

THE WHITE HOUSE, *March 12, 2003*.

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO
IRAN

This report to the Congress on developments over the course of the past 6 months concerns the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995, as added to in Executive Order 12959 of May 6, 1995, and clarified in Executive Order 13059 of August 19, 1997. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) (IEEPA), section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c). This report discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order 12957 and does not deal with those relating to the emergency declared on November 14, 1979, in connection with the hostage crisis.

1. During the current reporting period, as of January 15, 2003, the Department of the Treasury's Office of Foreign Assets Control (OFAC) made numerous decisions with respect to applications for licenses to engage in transactions under the Iranian Transactions Regulations, 31 C.F.R. Part 560, (the "Regulations"). Seventy-three licenses were issued, of which 43 authorized commercial sales and exportation to Iran of bulk agricultural commodities, other agricultural commodities, medicines, or medical equipment. Eight licenses authorized the import or export of Iranian-origin theatrical equipment and/or artifacts and three licenses authorized U.S. participation in international medical or environmental workshops. An additional 19 licenses authorized a variety of transactions consistent with U.S. foreign policy.

2. For the period September 15, 2002, through March 14, 2003, on OFAC's instructions, U.S. banks refused to process approximately 900 commercial transactions, the majority involving foreign financial institutions. The completion of these transactions by U.S. banks would have been contrary to U.S. foreign policy with respect to Iran. The rejected transactions caused a disruption of approximately \$375 million in financial dealings involving Iran by virtue of U.S. economic sanctions.

3. Since the last report, OFAC has collected 15 civil monetary penalties, settlements, and installment payments totaling nearly \$88,000 for Iran-related violations of IEEPA and the Regulations. The violators included seven companies, four U.S. financial institutions, and four individuals. An additional \$163,000 in penalties stand as 21 accounts receivable either in ongoing installment payment plans, active debt collection, or collected and as yet unreported to OFAC. Penalty enforcement action is underway against an additional 163 violators of the Regulations and IEEPA.

4. During this reporting period, two individuals who pleaded guilty in New York City to illegally operating a money remittance business and violating the Iran embargo were sentenced. One individual was sentenced to 10 months in prison and the other was sentenced to one year and one day in prison. In addition, a criminal forfeiture of \$5,155,531 was imposed against both individuals. Sentencing is still pending in a similar case for the August 15, 2002, conviction of an individual and his company for money laundering and illegal money transmission to Iran in violation of the embargo.

In another action in New York City, the Department of Justice is seeking to forfeit approximately \$3.5 million from a company that allegedly provided illegal money transfer services with respect to Iran. The company received the funds in question for transfer to Iran. Two other separate criminal indictments have been filed against individuals in Phoenix and Seattle for allegedly providing illegal money transfer services with respect to Iran (the Seattle case also involves alleged violations of other U.S. embargo programs administered by OFAC). No trial date has been set in either case.

5. The expenses incurred by the Federal Government in the 6-month period from September 15, 2002, through March 14, 2003, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iran are reported to be approximately \$1 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Assistant Secretary for Enforcement, and the Office of the General Counsel), the Department of State, and the Department of Commerce.

6. The situation in Iran continues to present an extraordinary and unusual threat to the national security, foreign policy, and economy of the United States. The declaration of the national emergency with respect to Iran contained in Executive Order 12957 and the comprehensive economic sanctions imposed by Executive Orders 12959 and 13059 underscore the United States Government's opposition to the actions and policies of the Government of Iran, particularly its support of international terrorism and its efforts to acquire weapons of mass destruction and the means to deliver them. The prohibitions contained in Executive Orders 12957, 12959, and 13059 advance important objectives in furthering the nonproliferation and anti-terrorism policies of the United States.