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September 22, 2010

Reminder on Iran Import/Export Sanctions

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The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (“CISDA”) imposes a number of new restrictions on transactions involving Iran. While the Act primarily impacts banks and financial institutions, and further restricts transactions associated with Iran’s petroleum industry and elements of Iran’s military, it also bans imports of products from Iran which were previously authorized under regulations of the Office of Foreign Asset Controls (OFAC).

Under this law, *goods or services of Iranian-origin may not be imported, directly or indirectly, into the United States on or after September 29, 2010.* The only exceptions are items that fall under Section 203(b) of the International Emergency Economic Powers Act (“IEEPA”) [50 USC 1702(b)], in which the President has the discretion to authorize personal communications not involving the transfer of value; donations intended to relieve human suffering; certain information or informational materials; and transactions ordinarily incident to travel. The new law expressly prohibits OFAC or other agencies from exempting any other items absent certain actions by the President and Congress. As a consequence, 31 C.F.R. §560.534, which allows for the importation of **foodstuffs and carpets**, will be eliminated. OFAC will not have the authority to license or otherwise exempt individual import shipments of such products after September 29.

The new law prohibits exports of goods or services from the U.S. to Iran *other than* the following: items exempt under Section 203(b) of IEEPA, agricultural commodities, food, medicine, medical devices or articles for humanitarian assistance; services incident to personal communications through the internet and related hardware and software; goods, services or technologies necessary to safely operate commercial aircrafts; goods, services or technologies to nongovernmental organizations for promoting democracy in Iran; and goods, services or technologies decided, by the President, to be in the national interest of the U.S. *The new law does not affect OFAC’s authority to issue licenses for exports of agricultural commodities, food, medicine and medical devices* under 31 C.F.R. 560.520, nor does the new law affect transactions under existing licenses for such goods. We recommend that in all cases exporters or US persons abroad carefully review proposed transactions with Iran or Iranian nationals and entities before proceeding.

Exporters should be aware that the new law authorizes the President to designate countries that present a risk of diversion to Iran of certain products that are restricted for direct export to Iran, and to require licenses as a condition of export of such products to the countries designated as a diversion risk.

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If you have any questions as to how the sanctions may affect your transactions, please feel free to contact our offices.

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