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Administration Eases Exports to Burma for Relief Donations

To ameliorate the humanitarian crisis caused by the recent cyclone that struck Burma, the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) has provided a temporary, limited exception to the existing economic sanctions against Burma to allow financial donations.

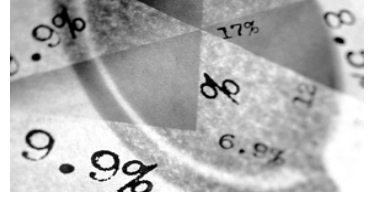
OFAC issued a General License (Burma General License No. 14, as amended) effective May 9, 2008, authorizing, for a limited time the export or reexport of financial services (including donations and transfers of funds) in support of not-for-profit humanitarian or religious activities in Burma. The General License allows financial donations to Burma for a period of 120 days (until September 6, 2008). Please note that donations may not be made (directly or indirectly) to the Government of Burma, or to or for the benefit of any person whose property and interests are blocked by OFAC (i.e., entities and individuals named on OFAC's list of Specially Designated Nationals (SDNs)).

The current sanctions against Burma found at 31 C.F.R. Part 537 ("OFAC Regulations"), apply to "U.S. Persons," (i.e., U.S. citizens and lawful permanent residents (wherever located), and U.S. companies, including their foreign branches (but not their separately incorporated foreign subsidiaries)).

Among other things, the current restrictions against Burma under the OFAC Regulations include the following: (a) a freeze on assets and property of certain designated organizations, companies and individuals (SDNs); (b) a ban on new investment in Burma; (c) a ban on U.S. Persons approving, financing, facilitating or guaranteeing a transaction by a foreign person that the U.S. Person would not be permitted to undertake; and (d) a ban on the export or reexport of "financial services" to Burma, either from the United States or by any U.S. Person wherever located.

The existing prohibition against the export and reexport of financial services to Burma would restrict the ability of U.S. donors to send funds to Burma in the absence of the newly issued General License.

Separately, in the context of exports of physical goods, the U.S. Department of Commerce administers controls on exports and reexports to Burma of U.S. origin products (or foreign made incorporating greater than de minimis U.S. content). The controls vary depending upon a given product's classification under the Export Administration Regulations (EAR), 15 C.F.R. Part 730-774. Therefore, companies contemplating in-kind donations to Burma, should review the various



goods intended for export to determine any Department of Commerce licensing requirements or available license exceptions.

As with any international transaction, in order to ensure that a proposed export transaction involving Burma, even one authorized under the new General License, would be authorized, it will be critical for potential donors to conduct thorough party screening (vetting of the U.S. Government lists of designated and denied persons including the SDN list) of all organizations or entities (including financial institutions) involved in the proposed transactions before proceeding.

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