

Minister Farrakhan in Tripoli. The application was denied on Foreign policy grounds.

4. During the current 6-month period, OFAC continued to emphasize to the international banking community in the United States the importance of identifying and blocking payments made by or on behalf of Libya. The office worked closely with the banks to assure the effectiveness of interdiction software systems used to identify such payments. During the reporting period, more than 100 transactions potentially involving Libya were interdicted.

5. Since my last report, OFAC collected 14 civil monetary penalties totaling more than \$165,000 for violations of the U.S. sanctions against Libya. Twelve of the violations involved the failure of banks to block funds transfers to Libyan-owned or -controlled financial institutions. Two U.S. corporations paid OFAC penalties totaling \$105,000 for export violations as part of global plea agreements with the Department of Justice. Sixty-one other cases are in active penalty processing.

On August 7, 1996, a major U.S. exporter entered a guilty plea and was sentenced in the U.S. District Court for the Western District of Kentucky for Libyan sanctions violations. The company and four co-conspirators were charged with aiding and abetting the exportation and attempted exportation of oil well drilling equipment to Libya through Italy in 1995 and 1996. The company paid \$3 million in criminal fines and aggregate criminal penalties paid by individuals totaled \$211,000. In addition, a major U.S. manufacturer in Milwaukee, Wisconsin agreed to pay \$2 million in criminal fines, in addition to the civil penalty noted above, for violation of the Libyan sanctions involving a commercial project in Libya. Numerous investigations carried over from prior reporting periods are continuing and new reports of violations are being pursued.

6. The expenses incurred by the Federal Government in the 6-month period from July 6, 1996, through January 5, 1997, that are directly

attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately \$670,000. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Commerce.

7. The policies and actions of the Government of Libya continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. In adopting UNSCR 883 in November 1993, the Security Council determined that the continued failure of the Government of Libya to demonstrate by concrete actions its renunciation of terrorism, and in particular its continued failure to respond fully and effectively to the requests and decisions of the Security Council in Resolutions 731 and 748, concerning the bombing of the Pan Am 103 and UTA 772 flights, constituted a threat to international peace and security. The United States will continue to coordinate its comprehensive sanctions enforcement efforts with those of other U.N. member states. We remain determined to ensure that the perpetrators of the terrorist acts against Pan Am 103 and UTA 772 are brought to justice. The families of the victims in the murderous Lockerbie bombing and others acts of Libyan terrorism deserve nothing less. I shall continue to exercise the powers at my disposal to apply economic sanctions against Libya fully and effectively, so long as those measures are appropriate, and will continue to report periodically to the Congress on significant developments as required by law.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.