

- (1) Tier I—\$750;
 (2) Tier II—\$300;
 (3) Tier III—\$200; and
 (4) Tier IV—\$90.

(b) If the actual expenses incurred for damage are greater than the value associated with the tier based on the location of the stand, the applicant may submit documentation to FSA to request the stand be placed in the next lower-numbered tier which represents a greater level of loss and a higher payment rate. Regardless of the expenses incurred the stand can only be placed in the next lower-numbered tier.

Subpart G—Aquaculture Program

§ 760.601 Funds availability.

FSA will provide block grants to the states of Alabama, Florida, Louisiana, Mississippi, North Carolina and Texas where aquaculture was adversely affected by the hurricanes as set forth in § 760.201 for those States. Producers in eligible counties in those states who raise aquaculture species in a controlled environment as part of a farming operation and who have not received assistance under other disaster programs for the same aquaculture losses may be eligible for these funds. Funds provided by a State to a farming operation under such a grant shall not exceed \$80,000.

Signed in Washington, DC, May 2, 2006.

Thomas B. Hofeller,

Acting Administrator, Farm Service Agency.

[FR Doc. 06-4278 Filed 5-9-06; 8:45 am]

BILLING CODE 3410-05-P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 594, 595 and 597

Global Terrorism Sanctions Regulations; Terrorism Sanctions Regulations; Foreign Terrorist Organizations Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Treasury Department's Office of Foreign Assets Control ("OFAC") is revising the Global Terrorism Sanctions Regulations, the Terrorism Sanctions Regulations, and the Foreign Terrorist Organizations Sanctions Regulations to add general licenses authorizing certain transactions with the Palestinian Authority ("PA").

DATE: Effective May 10, 2006.

FOR FURTHER INFORMATION CONTACT:

Assistant Director of Compliance, Outreach & Implementation, tel.: 202/

622-2490, Assistant Director of Licensing, tel.: 202/622-2480, Assistant Director of Policy, tel.: 202/622-4855, Office of Foreign Assets Control, or Chief Counsel (Foreign Assets Control), tel.: 202/622-2410, Office of the General Counsel, Department of the Treasury, Washington, DC 20220 (not toll free numbers).

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document and additional information concerning the programs of the Office of Foreign Assets Control are available for downloading from the Office's Internet Home Page: <http://www.treas.gov/ofac>, or via FTP at [ofacftp.treas.gov](ftp://ofacftp.treas.gov).

Background

OFAC administers three sanctions programs with respect to terrorists and terrorist organizations. The Terrorism Sanctions Regulations, 31 CFR part 595 ("TSR"), implement Executive Order 12947 of January 23, 1995, in which the President declared a national emergency with respect to "grave acts of violence committed by foreign terrorists that disrupt the Middle East peace process." The Global Terrorism Sanctions Regulations, 31 CFR part 594 ("GTSR"), implement Executive Order 13224 of September 23, 2001, in which the President declared an emergency more generally with respect to "grave acts of terrorism and threats of terrorism committed by foreign terrorists." The Foreign Terrorist Organizations Sanctions Regulations, 31 CFR part 597 ("FTOSR"), implement provisions of the Antiterrorism and Effective Death Penalty Act of 1996 ("AEDPA").

HAMAS, members of which now form the majority party within the Palestinian Legislative Council and hold positions of authority within the government including the position of Prime Minister, is a target of each of these sanctions programs, resulting in the blocking of any property and interests in property of HAMAS that are in the United States or hereafter come within the United States, or that are in or hereafter come within the possession or control of a United States person. These restrictions prohibit U.S. persons from dealing in property or interests in property of HAMAS. OFAC has determined that, as a result of the recent elections, HAMAS has a property interest in the transactions of the Palestinian Authority. Accordingly, pursuant to the TSR, the GTSR and the FTOSR, U.S. persons are prohibited from engaging in transactions with the Palestinian Authority unless authorized.

Notwithstanding the prohibitions, OFAC, consistent with current foreign policy, is authorizing U.S. persons to engage in certain transactions in which the Palestinian Authority may have an interest. It should be noted that the prohibitions involving the Palestinian Authority do not bar all transactions involving individuals and entities in Palestinian territory.

Executive Order 12866, Administrative Procedure Act, Regulatory Flexibility Act, and Paperwork Reduction Act

Because the regulations at issue involve a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

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

31 CFR Part 594

Administrative practice and procedure, Banks, Banking, Penalties, Reporting and recordkeeping requirements, Terrorism.

31 CFR Part 595

Administrative practice and procedure, Banks, Banking, Currency, Foreign investments in United States, Penalties, Reporting and recordkeeping requirements, Securities, Terrorism.

31 CFR Part 597

Administrative practice and procedure, Banks, Banking, Currency, Foreign investments in United States, Penalties, Reporting and recordkeeping requirements, Securities, Terrorism.

■ For the reasons set forth in the preamble, and under the authority of IEEPA and AEDPA, 31 CFR chapter V is amended by amending the interpretations and licenses provisions in 31 CFR parts 594, 595, and 597 as set forth below.

PART 594—GLOBAL TERRORISM SANCTIONS REGULATIONS

■ 1. The authority citation for part 594 continues to read as follows:

Authority: 3 U.S.C. 301; 22 U.S.C. 287c; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 13224, 66 FR 49079,

September 25, 2001; E.O. 13268, 67 FR 44751, July 3, 2002; 3 CFR, 2002 Comp., p. 240; E.O. 13284, 64 FR 4075, January 28, 2003.

Subpart D—Interpretations

- 1. Add a new § 594.411 to subpart D to read as follows:

§ 594.411 Palestinian Authority.

Following the January 2006 Palestinian elections, Hamas, a designated terrorist entity whose property and interests in property are blocked pursuant to § 594.201, has been determined to have a property interest in the transactions of the Palestinian Authority. Accordingly, pursuant to §§ 594.201 and 594.204, U.S. persons are prohibited from engaging in transactions with the Palestinian Authority unless authorized. Certain transactions with the Palestinian Authority may be authorized by license, see subpart E of this part.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

- 2. Add a new § 594.510 to subpart E to read as follows:

§ 594.510 Official activities of certain international organizations; U.S. person employees of certain governments.

(a) Effective April 12, 2006, all transactions and activities with the Palestinian Authority otherwise prohibited under this part that are for the conduct of the official business of the United Nations are authorized, provided that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

(b) Effective April 12, 2006, U.S. persons who are employees of the governments of states bordering the West Bank or Gaza are authorized to engage in all transactions and activities outside of the United States with the Palestinian Authority that are otherwise prohibited under this part in support of the U.S. persons' official duties, provided that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

(c) For purposes of this section only, the term "United Nations" means its principal organs, including funds, bodies, commissions, agencies, departments and other entities of the Security Council, General Assembly, Economic and Social Council and

Secretariat, specifically including, among others, the World Bank, the International Monetary Fund, the World Food Programme, and the World Health Organization.

- 3. Add a new § 594.511 to subpart E to read as follows:

§ 594.511 Travel, employment, residence and maintenance transactions with the Palestinian Authority.

Effective April 12, 2006, U.S. persons are authorized to engage in all transactions with the Palestinian Authority otherwise prohibited under this part that are ordinarily incident to their travel to or from, or employment, residence or personal maintenance within, the jurisdiction of the Palestinian Authority, including, but not limited to, receipt of salaries, payment of living expenses and acquisition of goods or services for personal use. Nothing in this license authorizes any debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

- 4. Add a new § 594.512 to subpart E to read as follows:

§ 594.512 Payment of taxes and incidental fees to the Palestinian Authority.

Effective April 12, 2006, U.S. persons are authorized to pay taxes or fees to, and purchase or receive permits or public utility services from, the Palestinian Authority where such transactions are necessary and ordinarily incident to such persons' day-to-day operations. Nothing in this license authorizes a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

- 5. Add a new § 594.513 to subpart E to read as follows:

§ 594.513 Transactions with entities under the control of the Palestinian President and certain other entities.

(a) Effective April 12, 2006, U.S. persons are authorized to engage in all transactions otherwise prohibited under this part with the following entities and individuals:

(1) The Palestinian Authority Presidency, including only the Office of the President, Presidential Security, General Intelligence Apparatus, Governors and Governorate staff, the Attorney General's Office, the Palestine Investment Fund (PIF), the Border Crossings Administration, and the Palestine Broadcasting Corporation (including the Voice of Palestine, Wafa News Agency, and the General Public

Information Agency/State Information Services);

(2) The Palestinian Judiciary, including the Higher Judicial Council;

(3) Members of the Palestinian Legislative Council (PLC) who were not elected to the PLC on the party slate of Hamas or any other Foreign Terrorist Organization (FTO), Specially Designated Terrorist (SDT), or Specially Designated Global Terrorist (SDGT); and

(4) The following independent agencies: The Central Elections Commission; the Independent Citizens Rights Commission; the General Audit Authority/External Audit Agency; and the Palestinian Monetary Authority.

(b) Effective April 12, 2006, U.S. financial institutions are authorized to reject transactions with members of the Palestinian Legislative Council (PLC) who were elected to the PLC on the party slate of Hamas or any other Foreign Terrorist Organization (FTO), Specially Designated Terrorist (SDT), or Specially Designated Global Terrorist (SDGT), provided that any such individuals are not named on OFAC's list of Specially Designated Nationals and Blocked Persons.

(c) Nothing in this license authorizes a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

- 6. Add a new § 594.514 to subpart E to read as follows:

§ 594.514 Concluding activities with the Palestinian Authority.

Effective April 12, 2006, all transactions and activities with the Palestinian Authority otherwise prohibited under this part are authorized through May 12, 2006, provided that they are necessary to conclude ongoing contracts or programs with the Palestinian Authority, and further provided that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

- 7. Add a new § 594.515 to subpart E to read as follows:

§ 594.515 In-kind donations of medicine.

Effective April 12, 2006, nongovernmental organizations that are U.S. persons are authorized to provide in-kind donations of medicine to the Palestinian Authority Ministry of Health, provided that such donations are strictly for distribution in the West Bank or Gaza and not intended for resale, and provided further that no payment pursuant to this license may involve a debit to an account of the

Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

PART 595—TERRORISM SANCTIONS REGULATIONS

■ 1. The authority citation for part 595 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12947, 60 FR 5079; 3 CFR, 1995 Comp., p. 319.

Subpart D—Interpretations

■ 1. Add a new § 595.409 to subpart D to read as follows:

§ 595.409 Palestinian Authority.

Following the January 2006 Palestinian elections, Hamas, a designated terrorist entity whose property and interests in property are blocked pursuant to §§ 595.201 and 595.204, has been determined to have a property interest in the transactions of the Palestinian Authority. Accordingly, pursuant to §§ 595.201 and 595.204, U.S. persons are prohibited from engaging in transactions with the Palestinian Authority unless authorized. Certain transactions with the Palestinian Authority may be authorized by license, see subpart E of this part.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

■ 2. Add a new § 595.508 to subpart E to read as follows:

§ 595.508 Official activities of certain international organizations; U.S. person employees of certain governments.

(a) Effective April 12, 2006, all transactions and activities with the Palestinian Authority otherwise prohibited under this part that are for the conduct of the official business of the United Nations are authorized, provided that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

(b) Effective April 12, 2006, U.S. persons who are employees of the governments of states bordering the West Bank or Gaza are authorized to engage in all transactions and activities outside of the United States with the Palestinian Authority that are otherwise prohibited under this part in support of the U.S. persons' official duties, provided that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution

or to any account blocked pursuant to this part.

(c) For purposes of this section only, the term "United Nations" means its principal organs, including funds, bodies, commissions, agencies, departments and other entities of the Security Council, General Assembly, Economic and Social Council and Secretariat, specifically including, among others, the World Bank, the International Monetary Fund, the World Food Programme, and the World Health Organization.

■ 3. Add a new § 595.509 to subpart E to read as follows:

§ 595.509 Travel, employment, residence and maintenance transactions with the Palestinian Authority.

Effective April 12, 2006, U.S. persons are authorized to engage in all transactions with the Palestinian Authority otherwise prohibited under this part that are ordinarily incident to their travel to or from, or employment, residence or personal maintenance within, the jurisdiction of the Palestinian Authority, including, but not limited to, receipt of salaries, payment of living expenses and acquisition of goods or services for personal use. Nothing in this license authorizes any debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

■ 4. Add a new § 595.510 to subpart E to read as follows:

§ 595.510 Payment of taxes and incidental fees to the Palestinian Authority.

Effective April 12, 2006, U.S. persons are authorized to pay taxes or fees to, and purchase or receive permits or public utility services from, the Palestinian Authority where such transactions are necessary and ordinarily incident to such persons' day-to-day operations. Nothing in this license authorizes a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

■ 5. Add a new § 595.511 to subpart E to read as follows:

§ 595.511 Transactions with entities under the control of the Palestinian President and certain other entities.

(a) Effective April 12, 2006, U.S. persons are authorized to engage in all transactions otherwise prohibited under this part with the following entities and individuals:

(1) The Palestinian Authority Presidency, including only the Office of the President, Presidential Security,

General Intelligence Apparatus, Governors and Governorate staff, the Attorney General's Office, the Palestine Investment Fund (PIF), the Border Crossings Administration, and the Palestine Broadcasting Corporation (including the Voice of Palestine, Wafa News Agency, and the General Public Information Agency/State Information Services);

(2) The Palestinian Judiciary, including the Higher Judicial Council;

(3) Members of the Palestinian Legislative Council (PLC) who were not elected to the PLC on the party slate of Hamas or any other Foreign Terrorist Organization (FTO), Specially Designated Terrorist (SDT), or Specially Designated Global Terrorist (SDGT); and

(4) The following independent agencies: The Central Elections Commission; the Independent Citizens Rights Commission; the General Audit Authority/External Audit Agency; and the Palestinian Monetary Authority.

(b) Effective April 12, 2006, U.S. financial institutions are authorized to reject transactions with members of the Palestinian Legislative Council (PLC) who were elected to the PLC on the party slate of Hamas or any other Foreign Terrorist Organization (FTO), Specially Designated Terrorist (SDT), or Specially Designated Global Terrorist (SDGT), provided that any such individuals are not named on OFAC's list of Specially Designated Nationals and Blocked Persons.

(c) Nothing in this license authorizes a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

■ 6. Add a new § 595.512 to subpart E to read as follows:

§ 595.512 Concluding activities with the Palestinian Authority.

Effective April 12, 2006, all transactions and activities with the Palestinian Authority otherwise prohibited under this part are authorized through May 12, 2006, provided that they are necessary to conclude ongoing contracts or programs with the Palestinian Authority, and further provided that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

■ 7. Add a new § 595.513 to subpart E to read as follows:

§ 595.513 In-kind donations of medicine.

Effective April 12, 2006, nongovernmental organizations that are U.S. persons are authorized to provide

in-kind donations of medicine to the Palestinian Authority Ministry of Health, provided that such donations are strictly for distribution in the West Bank or Gaza and not intended for resale, and provided further that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or any account blocked pursuant to this part.

PART 597—FOREIGN TERRORIST ORGANIZATIONS SANCTIONS REGULATIONS

■ 1. The authority citation for part 597 continues to read as follows:

Authority: 31 U.S.C. 321(b); Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 104–132, 110 Stat. 1214, 1248–53 (8 U.S.C. 1189, 18 U.S.C. 2339B).

Subpart D—Interpretations

■ 2. Add a new § 597.407 to subpart D to read as follows:

§ 597.407 Palestinian Authority.

Following the January 2006 Palestinian elections, Hamas, a designated terrorist entity whose property and interests in property are blocked pursuant to § 597.201, has been determined to have a property interest in the transactions of the Palestinian Authority. Accordingly, pursuant to § 597.201, U.S. persons are prohibited from engaging in transactions with the Palestinian Authority unless authorized. Certain transactions with the Palestinian Authority may be authorized by license, see subpart E of this part.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

■ 3. Add a new § 597.506 to subpart E to read as follows:

§ 597.506 Official activities of certain international organizations; U.S. person employees of certain governments.

(a) Effective April 12, 2006, U.S. financial institutions are authorized to engage in all financial transactions with the Palestinian Authority otherwise prohibited by this part that are for the conduct of the official business of the United Nations, provided that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

(b) For purposes of this section only, the term “United Nations” means its principal organs, including funds, bodies, commissions, agencies, departments and other entities of the

Security Council, General Assembly, Economic and Social Council and Secretariat, specifically including, among others, the World Bank, the International Monetary Fund, the World Food Programme, and the World Health Organization.

(c) The retention and reporting provisions of § 597.201 shall not apply with respect to transactions authorized by paragraph (a) of this section.

■ 4. Add a new § 597.507 to subpart E to read as follows:

§ 597.507 Travel, employment, residence and maintenance transactions with the Palestinian Authority.

(a) Effective April 12, 2006, U.S. financial institutions are authorized to engage in all transactions that are ordinarily incident to U.S. persons’ travel to or from, or employment, residence or personal maintenance within, the jurisdiction of the Palestinian Authority, including, but not limited to, receipt of salaries, payment of living expenses and acquisition of goods or services for personal use. Nothing in this license authorizes any debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

(b) The retention and reporting provisions of § 597.201 shall not apply with respect to transactions authorized by paragraph (a) of this section.

■ 5. Add a new § 597.508 to subpart E to read as follows:

§ 597.508 Payment of taxes and incidental fees to the Palestinian Authority.

(a) Effective April 12, 2006, U.S. financial institutions are authorized to conduct all transactions ordinarily incident to the following activities by U.S. persons: the payment of taxes or fees to, or the purchase or receipt of permits or public utility services from, the Palestinian Authority where such transactions are necessary and ordinarily incident to such persons’ day-to-day operations. Nothing in this license authorizes a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

(b) The retention and reporting provisions of § 597.201 shall not apply with respect to transactions authorized by paragraph (a) of this section.

■ 6. Add a new § 597.509 to subpart E to read as follows:

§ 597.509 Transactions with entities under the control of the Palestinian President and certain other entities.

(a) Effective April 12, 2006, U.S. financial institutions are authorized to

engage in all transactions otherwise prohibited under this part with the following entities and individuals:

(1) The Palestinian Authority Presidency, including only the Office of the President, Presidential Security, General Intelligence Apparatus, Governors and Governorate staff, the Attorney General’s Office, the Palestine Investment Fund (PIF), the Border Crossings Administration, and the Palestine Broadcasting Corporation (including the Voice of Palestine, Wafa News Agency, and the General Public Information Agency/State Information Services);

(2) The Palestinian Judiciary, including the Higher Judicial Council;

(3) Members of the Palestinian Legislative Council (PLC) who were not elected to the PLC on the party slate of Hamas or any other Foreign Terrorist Organization (FTO), Specially Designated Terrorist (SDT), or Specially Designated Global Terrorist (SDGT); and

(4) The following independent agencies: The Central Elections Commission; the Independent Citizens Rights Commission; the General Audit Authority/External Audit Agency; and the Palestinian Monetary Authority.

(b) Effective April 12, 2006, U.S. financial institutions are authorized to reject transactions with members of the Palestinian Legislative Council (PLC) who were elected to the PLC on the party slate of Hamas or any other Foreign Terrorist Organization (FTO), Specially Designated Terrorist (SDT), or Specially Designated Global Terrorist (SDGT), provided that any such individuals are not named on OFAC’s list of Specially Designated Nationals and Blocked Persons.

(c) Nothing in this license authorizes a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

(d) The retention and reporting provisions of § 597.201 shall not apply with respect to transactions authorized by paragraph (a) of this section. The retention provisions of § 597.201 shall not apply with respect to transactions authorized by paragraph (b) of this section.

■ 7. Add a new § 597.510 to subpart E to read as follows:

§ 597.510 Concluding activities with the Palestinian Authority.

(a) Effective April 12, 2006, all transactions and activities with the Palestinian Authority otherwise prohibited under this part are authorized through May 12, 2006, provided that they are necessary to conclude ongoing contracts or programs

with the Palestinian Authority, and further provided that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or to any account blocked pursuant to this part.

(b) The retention and reporting provisions of § 597.201 shall not apply with respect to transactions authorized by paragraph (a) of this section.

■ 8. Add a new § 597.511 to subpart E to read as follows:

§ 597.511 In-kind donations of medicine.

(a) Effective April 12, 2006, U.S. financial institutions are authorized to conduct all transactions ordinarily incident to the provision by nongovernmental organizations that are U.S. persons of in-kind donations of medicine to the Palestinian Authority Ministry of Health, provided that such donations are strictly for distribution in the West Bank or Gaza and not intended for resale, and provided further that no payment pursuant to this license may involve a debit to an account of the Palestinian Authority on the books of a U.S. financial institution or any account blocked pursuant to this part.

(b) The retention and reporting provisions of § 597.201 shall not apply with respect to transactions authorized by paragraph (a) of this section.

Dated: April 13, 2006.

Barbara C. Hammerle,

Acting Director, Office of Foreign Assets Control.

Stuart A. Levey,

Under Secretary, Terrorism and Financial Intelligence.

[FR Doc. 06-4351 Filed 5-9-06; 8:45 am]

BILLING CODE 4811-37-P

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 44

RIN 2900-AK16

Loan Guaranty: Governmentwide Debarment and Suspension (Nonprocurement) and Requirements for Drug-Free Workplace (Grants); Correction

AGENCY: Department of Veterans Affairs.

ACTION: Final rule; technical amendment.

SUMMARY: On November 26, 2003, the Department of Veterans Affairs (VA) published a final rule in the **Federal Register** at 68 FR 66534 (VA's portion at 66618) implementing changes to the governmentwide nonprocurement

debarment and suspension common rule (NCR). The NCR sets forth the common policies and procedures that Federal Executive branch agencies must use in taking suspension or debarment actions. At that time, "Subpart G—Limited Denial of Participation" (LDP), was inadvertently eliminated instead of being redesignated as subpart J. This technical amendment reinstates the dropped regulatory text for former subpart G in the new subpart J of part 44.

DATES: Effective Date: This technical amendment is effective as of November 26, 2003, the date of the erroneous omission.

FOR FURTHER INFORMATION CONTACT:

William White, Acting Assistant Director for Loan Policy and Valuation (262), Loan Guaranty Service, Veterans Benefits Administration, Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420 (202-273-7368), william.white@vba.va.gov.

SUPPLEMENTARY INFORMATION: On November 26, 2003, the Department of Veterans Affairs (VA) joined in the publication of governmentwide debarment and suspension (nonprocurement) and governmentwide requirements for drug-free workplace (grants). Until that time, subpart G of 38 CFR part 44 had set forth VA's regulations governing limited denial of participation (LDP) authority for VA to deny participation in loan guaranty programs in certain limited geographic areas or for a certain period of time. The intent has been for VA to have at its disposal a lesser sanction than a governmentwide debarment for program participants.

Unfortunately, the regulatory language setting out how and when LPDs would be administered was omitted when part 44 was revised to include the new governmentwide sanctions. This document reinstates the dropped regulatory text for former subpart G and places it in the new subpart J with current cross-references. VA's administration of LPDs during this lapsed period remained unaffected.

List of Subjects in 38 CFR Part 44

Administrative practice and procedure, Condominiums, Debarment and suspension, Grant programs, Handicapped, Housing loan programs—housing and community development, Manufactured homes, Reporting and recordkeeping requirements, Veterans.

Approved: May 4, 2006.

Robert C. McFetridge,

Acting Assistant to the Secretary for Regulation Policy and Management.

■ Accordingly, 38 CFR part 44 is amended as follows:

PART 44—GOVERNMENTWIDE DEBARMENT AND SUSPENSION (NONPROCUREMENT)

■ 1. The authority citation for part 44 continues to read as follows:

Authority: 38 U.S.C. 501 and 38 U.S.C. 3703(c); Sec. 2455, Pub. L. 103-355, 108 Stat. 3327 (31 U.S.C. 6101 note); E.O. 11738 (3 CFR, 1973 Comp., p. 799); E.O. 12549 (3 CFR 1986 comp., p. 189); E.O. 12689 (3 CFR 1989 Comp., p. 235.)

■ 2. Subpart J is added to part 44 to read as follows:

Subpart J—Limited Denial of Participation

Sec.

44.1100 General.

44.1105 Cause for a limited denial of participation.

44.1110 Scope and period of a limited denial of participation.

44.1111 Notice.

44.1112 Conference.

44.1113 Appeal.

Subpart J—Limited Denial of Participation

§ 44.1100 General.

Field Facility Directors are authorized to order a limited denial of participation affecting any participant or contractor and its affiliates except lenders and manufactured home manufacturers. In each case, even if the offense or violation is of a criminal, fraudulent or other serious nature, the decision to order a limited denial of participation shall be discretionary and in the best interests of the Government.

§ 44.1105 Cause for a limited denial of participation.

(a) *Causes.* A limited denial of participation shall be based upon adequate evidence of any of the following causes:

(1) Irregularities in a participant's or contractor's performance in the VA loan guaranty program;

(2) Denial of participation in programs administered by the Department of Housing and Urban Development or the Department of Agriculture, Rural Housing Service;

(3) Failure to satisfy contractual obligations or to proceed in accordance with contract specifications;

(4) Failure to proceed in accordance with VA requirements or to comply with VA regulations;