Cuba: Deepening Normalization

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Key Judgments

[1] Despite the recent downturn in U.S.-Cuba relations, opportunities remain to advance normalization. Bilateral cultural exchanges provide a unique driver to offset the dearth of trust and can expand understanding of each other's political systems and culture, which fosters better business relations. Moreover, ambiguities and exemptions in current U.S. regulations allow for direct economic engagement between U.S. firms and Cuban enterprises and entrepreneurs in certain sectors. Mutually beneficial economic partnerships will allow U.S. businesses to grow alongside the development of Cuba's prioritized sectors.

[2] The historic legacy of distrust is one of the principal impediments to normalization of U.S.-Cuba relations. Constructive bilateral engagement—through cultural, educational, athletic and people-to-people exchanges—builds trust and benefits bilateral economic and commercial relations.

- The unbalanced relationship discourages exchanges of information and knowledge of each state's political systems, legal framework, and economic regulations.
- Lack of communication and different cultural factors lead to misunderstandings and confusion about intentions and commitments, which create an unfriendly business environment.
- Due to current political realities, cultural exchanges underpin many normalization efforts, like the Kennedy Center's *Artes de Cuba* Festiva helping to bridge the gap between Washington D.C. and Cuba.

[3] The Cuban reform agenda will remain highly deliberate due to its narrow margin of error. Pressing political and economic realities are pushing the urgency for reform, but a global precedent for failed socialist systems is driving Cuba to "update" ineffective economic policies.

- The Cuban model for change will be unique, although pulling from the examples of Vietnam, China, and to a lesser extent the Soviet Union.
- The Cuban reform agenda laid out in party approved documents will continue intermittently after the retirement of Raúl Castro, with the success of the new administration closely linked to the new leaders' ability to effectively implement reforms.
- As Cuba continues its economic reforms and opens itself to foreign investment, the U.S. cannot afford to continue to lose out to foreign competitors.

[4] Current U.S. policy lacks the political foresight into Cuba's reform agenda and negatively reacts to new political developments, further harming bilateral relations.

- The Trump administration's Cuba policy is the result of a contentious division between business interests and a small but influential group of political advisers.
- The Trump administration's decision to permanently cut its embassy staff will have a dramatic impact, particularly on new business developments and existing diplomatic

agreements, but has had a negligible effect on major U.S. firms currently operating in Cuba.

[5] Despite the political rhetoric and rewritting of U.S. regulations, several areas of business cooperation remain within the existing legal framework for engagement with Cuba. While the complex and convoluted regulations on Cuba create misinformation about economic and political realities stymying U.S. investment, U.S. firms can capitalize on several exemptions to directly engage with Cuba.

- Regulations are vague and ambiguous, but when considered in isolation are not as narrow as they appear to be.
- For example, CACR § 746.2(b) provides exporters of authorized goods broad liberties in Cuba, such as: leasing property; opening bank accounts; hiring local employees; and establishing subsidiaries with other Cuban companies.
- Consider the success of Procter & Gamble in Cuba.

[6] Sectors prioritized by the Cuban government that concurrently comply with U.S. regulations yield the most opportunities for U.S. investment and trade. These sectors include agriculture, tourism, energy, mining and oil extraction, and infrastructure development.

- Cuba's renowned medical and scientific expertise offer several lucrative business partnerships with U.S. firms.
- Cuba's strategy of boosting domestic food production and trade capacity presents a significant opportunity for U.S. businesses to partner with agricultural cooperatives.
- Despite expanded restrictions between U.S. firms and the Cuban government, certain exemptions continue to permit major, direct investment in Cuban infrastructure projects so long as the projects serve to benefit the Cuban people.

[7] Due to geographic proximity, mutual benefits, and interconnected communities, the U.S. and Cuba are compelled to ultimately develop a constructive relationship. The U.S. is situated to uniquely benefit from Cuba's economic reforms, but continues to lose out to foreign competitors. Meanwhile, Cuba, constrained by the U.S. Embargo, seeks development that respects its culture and supports its economic system.

- Legal exemptions and bilateral exchanges can allow U.S. firms to operate in Cuba that simultaneously respects Cuba's cultural paradigm while maximizing business opportunities, but such potential economic and diplomatic advances will be squandered if the misinformation and belief that doors are closed on both sides is is not dispelled.
- Though there are obstacles on both sides—legal, bureaucratic, systemic, and even different cultural values—business cooperation will help end decades of tension and prove mutually beneficial for both countries, both economies, and both peoples.

Building Trust Beyond Business

Challenges and Opportunities:

The historic legacy of distrust is one of the main impediments in the process of normalizing relations between Cuba and the United States. Constructive bilateral engagement –through cultural, educational and sports exchanges—builds trust and therefore benefits economic and commercial relations by helping to break down stereotypes which reinforce the continuation of sanctions. Despite the negative consequences for bilateral exchanges due to current U.S. policy, opportunities remain for collaborative projects. However, there are challenges to such projects including: (1) a cumbersome visa application process for Cubans; (2) the Level 3 travel warning which has slowed down travel to Cuba by U.S. citizens; and (3) the lack of permanent U.S. and Cuban diplomats in Havana and Washington, respectively, to support cooperation projects.

Recommendations:

Partner with civil society organizations and support exchange initiatives to build mutual trust. Collaboration based on goodwill, mutual interests, information sharing, and a better understanding of each states' culture, legal framework, and economic regulations can mitigate estrangement and create a friendly business environment.[1]

a) Organize conferences, workshops, and seminars to promote business between Cuba and the U.S. based on mutual respect.
b) Support online, public, and free platforms to share resources such as books, articles, reports, databases, and infographics to overcome bureaucratic obstacles.
c) Promote training programs and capacity-building workshops on topics including marketing, management, information technology, human resources, payment solutions, digital platforms, accounting, and feasibility studies for Cuban state enterprises, cooperatives, and private startups.
d) Promote and partner with Cuban entrepreneurs to export Cuban products including art, jewelry, and clothes to the U.S.
e) Encourage and educate U.S. production companies about the opportunities of filming in Cuba and developing joint productions.
f) Foster cultural and citizen diplomacy programs; through these initiatives, prominent intellectuals, celebrities, and artists can influence policy-making.
g) Support academic and educational exchanges, internship programs, and management trainings.
h) Foster baseball diplomacy programs including exhibition games, tournaments in third countries, facility improvement, the preservation of baseball heritage (Hall of Fame), and skills clinics with youth to share best practices.

[1] See Appendix 1 for more information on bilateral exchanges.

Comments:

Rimco, Caterpillar Inc.'s dealer for Cuba, has been building relations with Cuba for years through cultural bridges and was unsurprisingly the first U.S. company to conduct business at Havana's Mariel Special Development Zone. The Caterpillar Foundation has been partnering with the Finca Vigia Foundation and Cuban cultural preservationists to restore Ernest Hemingway's estate in Havana. Outreach grounded in Corporate Social Responsibility shows how cultural initiatives, and how exchanges in general can generate better understanding, build trust, and open doors for U.S. business in Cuba.

Some potential outcomes of these recommendations include: a better understanding of how to overcome bureaucratic obstacles and comply with economic regulations in both countries; an increase in business opportunities for the arts, sports, and entertainment sectors; a friendlier business environment; an increase in two-way bilateral trade; an improvement in business skills for Cuban enterprises; and job creation and generated revenues for both sides. These actions support the establishment of long-term relations based on trust and goodwill.

There should be no confusion between these exchanges and the "democracy promotion" programs directed to subvert the Cuban government. Collaborations should be based on reciprocal respect, mutual interests, and complete transparency of funding and objectives.

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Exploring the Unique Path of Cuban Transformation

Challenges and Opportunities:

Changing economic and social realities have compelled the Cuban government to augment its socioeconomic model. These "updates" include market-driven economic changes with tight oversight from the Communist Party, such as slightly privatizing certain sectors but maintaining national production levels under state control. While the Cuban government remains wary of capitalism, the goal is that these reforms will result in the development of sustainable growth for all of Cuban society rather than a full market economy.

Similar to China and Vietnam, Cuba's transformation has focused on agriculture, manufacturing, special economic zones, and the expanding private sector. As the government tries to improve efficiency in these sectors, it will continue to gradually expand non-state cooperatives, creating new business opportunities. However, the Cuban government will struggle to maintain an appropriate level of equity and income distribution while advancing the market-oriented economic adjustments. The environment created by these "updates" fosters a solid foundation for the concept of socially responsible enterprises and therefore opportunities for investment exist for companies that can support this socioeconomic model.

Recommendations:

1. Encourage firms grounded in Corporate Social Responsibility (CSR) to invest in Cuba
2. Explore areas of cooperation between Cuban cooperatives and U.S. firms.
3. Identify areas where the Cuban diaspora can connect with Cuban proprietors. There are opportunities for further engagement in order to break distrust and find areas for a prospective business.

Comments:

Having a deeper understanding of the Cuban socioeconomic is imperative for U.S. businesses to succeed. Current economic pressures and greater autonomy of the non-state/private sector have created a demand for socially responsible companies as such practices contribute to a greater social good consistent with the Cuban model. As a result, CSR initiatives from foreign investors will be a deciding factor in whether they are granted a contract to operate in Cuba. Such initiatives will also help to improve the wider reputation of U.S. companies and foster trust between Havana and Washington. Some ideal examples of such companies are Participant Media, People Water, and Salesforce.

In China, the Chinese diaspora played an important role in the development project. The Cuban-American community in the U.S. has the potential for the same kind of influence, given they follow U.S. and Cuban law. Their members understand the culture and the environment. Specifically, this community can provide monetary support and skills to their family members in

Cuba. The Cuban community is extensive, resourceful, wealthy, and politically active that can aid both Cuba and the United States.

Much like how Vietnam's own economic transformation pushed the U.S. to press for the elimination of its blockade, so too will Cuba's own reforms likely compel the U.S. to press for an end to the U.S. Embargo. It is vital that the Chamber understand Cuba's reform efforts as it charts a new way to economic prosperity.

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Anticipating Cuban Reforms

Challenges and Opportunities:

The Cuban reform strategy is to continue pursuing market-oriented reforms, but the process has stalled due to a number of internal and external factors. The central planning documents, especially the *Lineamientos*, of the Cuban Communist Party (PCC) will continue to serve as the roadmap for internal political and economic reforms. The economic hardship imposed by the U.S. embargo and Cuba's admitted failure of its own economic model has forced the island nation to deliberately and meticulously pursue a reform agenda that necessitates a slow process. The Cubans believe they cannot afford to misstep in this process, as demonstrated by the rate at which the *Lineamientos* have been implemented. As the new National Assembly and presidency settle into their positions and internal power dynamics, the reform process will stall, and likely stall for the next several months. Following the retirement of Raúl Castro, the National Assembly is expected to pursue constitutional reform decentralizing and delineating the power of the PCC, the presidency, and the government into distinct individuals and entities. The decentralization model is currently being tested and studied in two provinces: Artemisa and Mayabeque. Cuba struggles to maintain an appropriate level of equity and income distribution while continuing their market-oriented economic updates, raising serious concern among several PCC members and government officials. Consequently, the issuance of new licenses for private sector businesses will not resume until the Cuban government can balance the social and economic inequality the previous reforms have created in an attempt to maintain a roughly egalitarian society.

Recommendations:

1. Disregard commentary and rumors suggesting that the Cuban reform agenda has ended and that some reforms may be reversed. Plan with moderate confidence that as the new administration consolidates the process of reform will continue.
2. Businesses interested in Cuba should recognize that Cuba has subnational politics and its leaders have to balance between their anti-reform and cautionary factions.
3. Compile profiles and information on the individuals and entities that will likely assume local authority and individualized priorities across Cuba.

Comments:

U.S. companies should largely ignore rumors that reforms will either end, or in some cases reverse direction. Supporting these claims is the suspension of issuing new licenses to private business owners which limits the expansion of the Cuban private sector. Cuba will continue its reform process after Raúl Castro's tenure ends, because Cuba willfully wants to continue. New licenses for private businesses will resume following development of a tax system and related reforms intended to insure the private sector pays its "fair share." Cuba needs to develop a tax system that fits its economic redistribution model before it can hope to systematically account for inequality. Until such a system is established, U.S. business proposals will find more traction if they can account for growing economic inequality by demonstrating their corporate social responsibility. Moreover, the government will seek to curb abuse by employers and exploitation of the Cuban grey market as drivers of inequality. While the rigid egalitarianism of the Revolution is no longer the goal, Cuba wishes to maintain a system that uplifts all sectors of society. Furthermore, business that can demonstrate how they can benefit all socioeconomic sectors of Cuba will have higher chances of approval. Over the next few months, U.S. companies will see a lull in reforms as the new government establishes its norms, but then the process will continue as outlined in the central planning documents.

Raúl has maintained control of the presidency, PCC, and military since succeeding his brother. The indented shift towards decentralization stems from the understanding that power can no longer be consolidated into one role as was the case with Raúl and Fidel Castro. Likely, decentralization will include large amounts of authority transferred to the provincial and municipal level, including authority over financial resources and the remaining state-run enterprises. Decentralization will create more opportunities to partner with individuals and entities across the island who have local authority and interests where U.S. businesses can forge thriving partnerships.

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Understanding U.S. Business Opportunities Presented by Political & Economic Change in Cuba

Challenges and Opportunities:

The cutback of U.S. diplomatic personnel, slowdown of visa processing for Cuban citizens, and hostile rhetoric from the administration might impede Cuba's political and economic "updates." Gross socio-economic disparities resulting from worker exploitation and tax evasion in the Cuban private sector, as well as untaxed remittances from Cuban diaspora, undermine and hinder the success of economic liberalization by forcing the government to freeze license issuance and audit the private sector. The U.S. Embargo of Cuba continues to prevent needed goods and services from reaching the island while also inhibiting Cuban access to funding and loans through International Financial Institutions. U.S. capital and technology, when blended with Cuban research and labor, can result in mutually beneficial enterprises and the normalization of relations through Cuban public and U.S. private partnerships. Stonegate Bank in Florida set the precedent for other banking firms by partnering with the Cuban Interests Section of the State Department to resume bilateral bank transactions in 2015. The Cuban Ministries of Finance (MINCEX) and Foreign Relations (MINREX) have indicated a strong desire to cooperate and engage with U.S. companies whenever possible and seek direct foreign investment from the U.S., conditional upon their respect for Cuban corporate social responsibility practices.

Recommendations:

1. Larger U.S. companies with many subsidiaries (e.g. Procter & Gamble[2]) should leverage their resources to acquire licenses to operate in Cuba and facilitate the process of acquiring operational permits for their smaller subsidiaries.
2. Proactively seek business opportunities in the Cuban mining, oil, tourism, biotech, and agricultural sectors to reap the long-term benefits of entering Cuban markets first or run the risk of losing out to foreign competitors.
3. Advise companies respect Cuban usufruct privileges with the understanding of the history of abuse in Cuban collective memory.
4. Advise liberal interpretations of U.S. product categorization laws to increase U.S. exports to the island.

Comments:

Economy Minister Marino Murillo has declared monetary unification imminent, with the Cuban government claiming to have increased their international reserves from four to twelve billion as a cushion for the anticipated economic hardships. Prospects for currency unification remain mixed but could prove a test of the new administration's ability to carry on the reform agenda. Additionally, laws streamlining licensing processes are forthcoming. Though Cubans desire expanding their medical, educational, artistic, cultural, fishing, science, and bio/eco-tourism

[2] For a case study of how P&G can export to Cuba see Appendix 2

sectors in order to draw in more visitors, the tourism sector is still developing infrastructure to accommodate for rising demand. U.S. companies and universities involved in the musical, telecommunications, audio/visual, automotive, and tobacco industries would be able to assist Cuba in bolstering this sector. The Kraft Heinz Company, Tabasco, and Tyson's Foods are among the largest U.S. firms to have products for sale on the island. Additionally, over 100 U.S. companies have been able to acquire licenses to sell their products in Cuba through their foreign subsidiaries. Countries where Cuban import-export companies are free to operate can serve as a liaison for U.S. exports to Cuba. As profits may be repatriated free of charge, Cuba offers a significant advantage over other preferred manufacturing and trading partners which are geographically farther and more expensive. If properly developed, the Cuban oil sector has the potential to become the fourth or fifth largest in the Americas.

Several U.S. businesses have already found success in Cuba, by liberally interpreting product categorization laws. Gillette, Colgate, and Palmolive have exported goods such as shaving gel and toothpaste under the medical supplies classification. The farm goods product categorization allows for lumber, tobacco, and down feathers to be exported to Cuba, creating an opportunity for home goods and home improvement firms to export to Cuba. Coca-Cola and other large firms, despite not having sought Cuban export licenses, are permitted to export their products classified as food goods.

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Halting Retaliatory Actions Towards Cuba

Challenges and Opportunities:

The administration's policy toward Cuba threatens to disrupt the budding business relationship between the U.S. and Cuba. Its decision to close consulates, decrease embassy staff, and increase the travel warning not only degrades the level of trust between the two countries but also removes the support systems U.S. businesses need in order to successfully operate in Cuba. Moreover, because trust is a critical factor in Cuban business culture, the likelihood that the U.S. will fail to meet its obligation to issue 20,000 Cuban immigrant visas in 2018 is a serious concern. Should this political trend continue, the U.S. stands to lose hundreds of millions of dollars in missed opportunities resulting in the prospect of normalization much more unlikely. Yet, despite this downward trend, there are opportunities to stabilize U.S.-Cuban policy.

Recommendations:

1. Work collaboratively with allies across different federal agencies with influence over Cuban policy to continue positive diplomatic outreach and policy.
2. Recommend to the Department of State that they alleviate the travel warning from a Level 3 to Level 2.

Comments:

Not adhering to its existing commitments, like the U.S. promise to issue 20,000 visas a year, could result in a migration crisis and increase challenges to regularizing migration between the U.S. and Cuba. Allowing the migration accords to end raises doubts regarding U.S. credibility and frames the U.S. as an unreliable source of humanitarian support and friendship. Furthermore, continuing to abide by existing commitments will also indirectly support reform efforts in Cuba. Undertaking these recommendations will preserve options in the event, as some predict, that Democrats will take control of Congress.

Alleviating the travel warning would increase travel to the country and further ease U.S. business concern. Increasing the travel advisories already has negatively impacted the growing private sector by depriving them of American visitors. Additionally, the Secretary of State nominee has made contradictory comments regarding normalization on the island—on one hand, he has mentioned intensifying the administration's stance toward Cuba however, during his confirmation hearing he has mentioned, "beefing up the Embassy Havana staff." Should the Secretary of State maintain, if not intensify, the Trump administration's hostile stance towards Cuba, the island will be forced to look outside the U.S. for investment, costing U.S. businesses numerous financial missed opportunities. The U.S. will continue to lose financially and further jeopardize opportunities for normalization if the administration continues to hinder individuals and businesses from traveling to and investing in Cuba.

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Increasing Awareness of Current Cuban Policy

Challenge and Opportunities:

The Trump administration's policy is the result of a very small coalition of Cuba hardliners within Congress and the administration pitted against businesses and virtually the entire U.S. military, intelligence, and diplomatic communities. These Cuba hardliners sought to hold the President to his campaign promise of rolling back regulatory concessions, while an interagency review of those same regulations unanimously agreed such an action would do little to advance U.S. policy objectives. Subsequently, current policy reflects this tension in its vague language and partial rollback. The administration will likely take a reactionary yet critical approach to new developments in the U.S.-Cuban relationship.

Despite the political downturn, many U.S. companies continue to operate in Cuba and in some instances expanded their operations, particularly U.S. airlines, further complicating the nature of its current policy. Many polls also indicate that the majority of Americans, including within the Cuban-American community, favor diplomatic normalization with Havana. This transformation in the political landscape is creating a favorable atmosphere that will one day lead to the dismantlement of the U.S. Embargo.

Recommendations:

1. Maintain a database of members well suited to enter the Cuban market to facilitate the connection of legal expert for businesses seeking assistance.
2. Encourage Chamber members to engage with first and second generation Cuban immigrants and Cuban business leaders.
3. Publicize U.S. businesses' specific projects and success stories from Cuba in the media.

Comments:

Many businesses that would otherwise match perfectly for opportunities in Cuba may find themselves deterred by current political rhetoric or without knowledgeable, expert partnerships to allow them to succeed. A registry or database of U.S. companies willing and able to do business in Cuba, along with legal and regulatory experts, would greatly increase the competitiveness of U.S. firms looking to operate in Cuba. U.S. businesses should publicize their positive relationships with Cuba to dispel misinformation about current political realities and encourage normalization efforts with Cuba. Moreover, connecting these firms with the Cuban-American population would allow them to gain valuable insight into the cultural and political context of operating in Cuba, therefore helping to build trust between the two parties and advance U.S. business interests. As more U.S. firms operate in Cuba, momentum will increase to shift current U.S. policy.

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Utilizing Regulatory Ambiguities to Spur Growth

Challenges and opportunities:

The U.S. embargo is comprised of more than 2,000 regulations across several bodies of law that are complex, convoluted, and daunting to the general public and business community. When individually reviewed, however, U.S. regulations can offer numerous opportunities for successful commercial operations. For example, 15 C.F.R. § 740.21 (2016), Support for the Cuban People (SCP), provides a broad definition of what "support" means with an equally flexible payment structure, offering ample room for businesses to operate. Additionally, 31 C.F.R. § 515.773 (2012) extends exporters of authorized goods the right to lease a physical business presence in Cuba, hire local employees, use local banks, and establish subsidiaries. While 50 U.S.C. § 1702(b)(3) (2014) allows the importation of informational materials, many are not aware that art products fall under this definition, which opens lucrative avenues for the entertainment industry.

Many U.S officials, however, are unaware of what is permissible under current law. This sometimes results in unjust fines or indictments. For example, an individual entrepreneur from Texas was indicted for failing to file an Electronic Export Information (EEI) form in April 2018, despite several regulations exempting him from doing so, including License Exemption CCD, License Exemption SCP, NOEEI §30.37(a), and 15 C.F.R. § 758.1(b)(5).[3] In 2017, OFAC fined the insurance firm AIG for drafting its exclusionary clause for its global shipping policy to Cuba as "too narrow in [its] scope and application" despite using the exact language suggested in OFAC's FAQ for this precise scenario in its contract.[4]

Even foreign entities not under U.S. jurisdiction are sometimes fined, as was the case for Belgian-based BCC Corporate SA (BCCC) for issuing Mastercard and Visa corporate credit cards used in Cuba, despite BCCC complying with an EU regulation barring EU companies from complying with the U.S. Embargo.[5] This kind of miscommunication and contradictory applications of policy dissuades U.S. firms to explore opportunities in Cuba. This atmosphere discouraging bilateral business relations will likely continue unless OFAC and BIS clarify their policies.

Recommendations:

1. Encourage OFAC and BIS to clarify regulations most troublesome to U.S. businesses.
2. Facilitate partnerships between U.S. and Cuban law schools to consolidate all U.S. and Cuban regulations for public use.
3. Create a broad overview of how U.S. businesses can best enter Cuban market.

Comments:

[3] See Appendix 3 for more information on the case of the private entrepreneur.
[4] See Appendix 4 for more information on the case of AIG.
[5] See Appendix 5 for more information on the case of BCCC.

U.S. Policy

Efforts should be taken to contact and aid OFAC and BIS in consolidating existing regulations, with emphasis on those most troublesome for U.S. businesses. While some businesses may not be aware of opportunities available to them, others see the inconsistent rulings of OFAC and BIS as arbitrary. This causes them to disengage altogether for fear of defying regulations. Cooperating with officials at OFAC and BIS can help broaden firms' understanding of permissible business ventures in Cuba, in turn helping spur growth.

Consolidating all regulations into one resource may be the best method of clarifying ambiguity over regulations. The Chamber should facilitate an exchange between U.S. and Cuban law schools that can unify all relevant U.S. and Cuban regulations and policies in one resource for public use. Leading economists, business leaders, and legal experts should also partner with the Chamber to develop joint strategies on how to comply with U.S. regulations and maximize return on investments. Such an endeavor could also inform small to medium-sized business owners wishing to enter the Cuban market, but lack the in-house legal resources large firms are able to utilize.

Lastly, geographic, political, and market realities are ultimately bringing the U.S. and Cuba to develop a constructive bilateral relationship. The Chamber should evaluate which U.S. firms have indicated interest and attempted to enter the Cuban market as to offer them guidance on how best to do so and estimate their chances of success. As business relations directly impact the normalization process, it is in the Chamber's best interests to facilitate U.S. businesses' entry into the Cuban market.

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Leveraging the Exemptions for Biotechnology & Medicine

Challenges and Opportunities:

U.S. companies have opportunities to engage with Cuba in a way that is legal and mutually beneficial. For example, there are great opportunities for investment in the biotech industry and to import essential pharmaceuticals. These pharmaceuticals include: cancer treatments such as CIMAvax, treatment for meningitis B, and Citroprot-P (an injection to halt risk of amputation in diabetic patients). CIMAvax, used to treat lung cancer, may also prove effective in treating colon, prostate, and breast and pancreatic cancers. It is inexpensive to produce and easy to administer. Cuba's expert scientists, modern labs, and World Health Organization approvals, indicate Cuba's biotechnology sector is advanced and ready to compete at the international level.

Cooperation will require overcoming some hurdles. Biotech is an area where Cuba does not allow 100% foreign ownership. Cubans are hesitant to share certain patents; yet, this may be overcome by their need for investment. On the U.S. side, any medical treatment imported to the country will need approval from the Food and Drug Administration (FDA), which delays the process. Even with approvals, imports may still take time to arrive due to Cuba's bureaucracy. However, what Cuba has to offer is unique and groundbreaking, and by supporting their biotechnology sector to grow further, U.S. companies can join them in leading innovations.

Recommendations:

1. Push for regulation approvals for Cuba producers of pharmaceuticals to export to the United States.
2. In areas in which Cuba welcomes investment: identify products to be developed jointly, persuade approvals, and publicize in the U.S. For example, support Roswell Park Institute's effort to produce and sell CIMAvax in the United States.

Comments:

Currently, the FDA follows an extensive process for foreign inspections of pharmaceutical manufacturing plants. The FDA has experienced an increase in pre-approval requests for this area and does not have enough investigators and analysts to carry out inspections in a timely manner. The FDA will train more staff to carry out these inspections, eventually speeding the process. When the FDA recognizes the quality of Cuban products and pharmaceutical imports, there will be great opportunities for the U.S. to begin partnerships with Cuba. The Center for Molecular Immunology (CIM) in Havana has already welcomed Japan and Brazil's regulatory agencies into its facility and remains open to collaborating with U.S. development partners to advance the commercialization of their products within the United States.

The Center for Genetic Engineering and Biotechnology in Cuba has attempted to bring Citroprot-P to the U.S., but did not receive the proper approvals. The Roswell Park Institute's

Comprehensive Cancer Center, based in New York City, has been collaborating with CIM since 2011. In 2016, the Roswell Park Institute received approval to conduct test trials of CIMAvax in the U.S. These trials began in 2017. If the FDA approves CIMAvax for distribution in the U.S., it will signal to U.S. businesses that investment in Cuba's biotechnology sector can be successful.

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Partnering with Coffee and Organic Farmers

Challenges and Opportunities:

Coffee is one of the Cuba's most iconic agricultural commodities is not prohibited by OFAC. The U.S. market maintains strong demand for organic food. The new 2014 Cuban Foreign Investment Act (Law 118) makes it much easier for foreign businesses to work in Cuba and arrange joint ventures with small farmers. Constructive understanding of ways to comply with U.S. regulations could have a positive impact in developing trade deals and business relations with the Cuban agricultural sector. Coffee can be a window through the regulatory wall that could lead to more imports and trade agreements with the island nation. Cuba has small-scale agricultural machinery controlled by Cuba's *Grupo Industrial Maquinaria Agricola y Construccion* (GIMAC) but is no obsolete and in need of up to date technology.

Business success in Cuba necessitates a thorough business plan lest they lose out to foreign competitors. The *campesino*-led and cooperative-based agrarian system have been central to Cuba's agricultural development but will need to adjust to current market realities in order to become more efficient and competitive. Additionally, Cubans prefer to develop personal relationships with their business partners in order to build trust.

Recommendations:

1. Create joint ventures with local coffee farmers through meticulous and streamlined investment projects.
2. Expand trade deals in order to import more valued-added organic produce (for example guava, mangos, and honey) into the U.S., and export efficient machinery, mechanical appliances, and the training to use this technology in Cuba.
3. Increase the number of specific trade and investment projects starting with coffee imports, succeeded by tropical fruits, and so forth to generate a positive business cycle that will pressure OFAC to expand their credit permissions and agricultural import authorizations to vegetables and other commodities.
4. Press OFAC to authorize U.S. banks to extend credit to Cuba to facilitate trade for food and agricultural sales.

Comments:

Cuba cannot compete with the U.S. extensively industrialized supply of sugar, rice, and citrus, however, the quality produced by Cuban farmers can compete in U.S. markets by adding value through artisanal production, counter-season, and non-genetically modified produce. Due to the phytosanitary requirements imposed by the U.S. Department of Agriculture, Cuba will need to attain proper certification and licenses for its organic agricultural products to be exported to the U.S. Reaching out to MINAGRI and the National Association of Small Farmers (ANAP) could be one avenue of pursuing international phytosanitary licenses. The number of certified organic farmers is low and will need to expand considerably, since official certification remains costly.

Trade and Investment

Cubans have expressed that they would likely import machinery if U.S. exporters are willing to offer favorable financing and credit terms to Cuban purchasers. Brazilian and Chinese supplies typically provide easy credit terms and government financial support, so U.S. companies will be held to the same standard. Recent developments with companies like Caterpillar, John Deere, and Cleber LLC lay the groundwork for U.S. exports of machinery and equipment. Cuba's sugar farms could use U.S.-built high quality tractors and sugar harvesting machinery and that can increases the competitiveness of the sector.

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Prioritizing Infrastructure and the Private Sector

Challenges and Opportunities:

Much of Cuba's infrastructure is currently in disrepair. Their roads and highways remain underdeveloped, and their water treatment facilities are largely outdated. Public infrastructure has thus been deemed a critical sector for foreign investment, as reflected by the numerous open projects listed in the Cuban Portfolio of Opportunities for Foreign Investment.

U.S. businesses are perfectly situated to fill this need thanks to their expertise, resources, and geographic proximity. Additionally, U.S. firms have the legal flexibility to do so under regulations such as EAR § 746.2(3)(i), CACR §515.591, and EAR § 740.21. Such provisions allow for the development, repair, maintenance, and enhancement of Cuban infrastructure, and in some cases permit direct engagement with the Cuban government and state-owned enterprises. Such infrastructure projects include, but are not limited to, public transportation, road and bridge construction, water management, and waste management.

Though the Cuban government prohibits one hundred percent foreign control of entities on the island, it welcomes co-ownership. *Aguas de la Habana*, a co-venture of the city of Havana with *Aguas de Barcelona* in Spain, serves as a model for U.S. businesses looking to do the same with water treatment facilities. Additionally, there exist opportunities for U.S. firms to invest or partner with Cuban *cuentapropistas*, such as *casa particulares* (bed and breakfast) and *paladares* (small, private restaurants). Airbnb, for example, has experienced success working with *cuentapropistas.* Due to Cuba's foreign debt and limited access to capital, however, some U.S. firms are concerned about returns on investment.

-

Recommendations:

1. Align investment with infrastructure projects that supply public goods to the Cuban people which also impact the tourism sector.
2. Invest in Cuba through the soft infrastructure opportunities such as service management with state-owned enterprises.
3. Focus on investing specific tools and equipment to the Cuban private sector such as those needed for home and belonging repairs, architecture, or culinary services.

Comments:

Tourism is estimated to comprise nearly ten percent of Cuba's GDP, therefore the appearance, maintenance, and functionality of Cuba's infrastructure and private sector services are crucial to the sector's success and country's economic performance. Because of the sector's importance to the Cuban economy, U.S. firms' skepticism towards investment returns are ill-founded, as the government continues to prioritize its development, success, and infrastructure investment.

Trade and Investment

U.S. businesses should focus on Cuban infrastructure projects that positively impact and benefit the Cuban people within the tourism sector. The Cuban countryside remains an untapped tourist destination with significant potential, but remains crucially underdeveloped and a high priority for the Cuban government. The Cuban government prioritizes companies that also seek to improve Cuban society therefore projects focused on public goods would likely be fast-tracked by the Cuban government. U.S. businesses should seek opportunities at cross sections of the Cuban economy, such as infrastructure, tourism, and social welfare in order maximize and secure favorable deals with the government.

U.S. construction firms also have a unique opportunity to support non-agricultural cooperatives and *cuentapropoistas* as they optimize and grow their businesses. These emerging Cuban companies are in particular need of specialized tools, such as plumbing equipment to treat, sanitize, and distribute water resources at the local and individual level, power tools for basic and specialized construction projects, and automotive equipment for Cuba's transportation sector.

Drafted by Patricia Thomas (thomas.patricia2010@gmail.com and pt4611a@american.edu)

Appendix 1: Bilateral Exchanges

Educating each other
There are asymmetries, lack of information and knowledge of each state's political systems, legal framework and economic regulations. Lack of communication and cultural factors lead to misunderstandings and confusions about intentions and commitments creating an unfriendly business environment. Organizing conferences, workshops and sharing resources could help mitigate estrangement. Some of the topics could include economic regulations, best practices and failures of foreign companies operating in Cuba (Europe, Canada, Latin America), and businesses opportunities in Cuba. Other spaces could involve workshops with U.S. business working in Cuba to share opportunities, challenges, and experiences with an emphasis on social and environmental responsibility.

Capacity building
Cuban state enterprises, cooperatives and private businesses lack knowledge of ordinary business skills which undermines their ability to accumulate capital. The Cuban business community could benefit from online free courses to develop management skills.

Exporting Cuban products
Until the date, there are only two Cuban small businesses selling online products in the U.S., the hipster shop Clandestina and the jewelry line Rox 950. Clandestina products are designed in Havana and produced in South Carolina, while Rox jewelry is crafted in Havana. Despite countless regulatory, logistical, financial, and legal hurdles, online sales of Cuban products could be expanded in the U.S. The business community from both countries could partner to support this endeavor.

Coproducing audiovisuals in the world of entertainment
Working in joint productions from sports, music concerts, to films and chefs' shows is a mutually beneficial business opportunity. For Cubans, it creates jobs, revenues, brings technology and offers cultural exposure benefiting tourism. For U.S. film companies, it opens the opportunity of shooting in talented, highly educated and culturally rich island. Under current U.S. regulations, it's legal to work with Cuban independent productions companies. On the Cuba side, productions with foreign companies need authorization from RTV Commercial, the Cuban Audiovisual Association or the Cuban Institute of Cinematographic Art and Industry (ICAIC).

In the last years, Hollywood and other media industries have turned their attention to the island. The full-length feature "Papa Hemingway in Cuba," was filmed in 2015 while Discovery Channel's "Cuban Chrome" showed the car culture. Comedian Conan O'Brien and chef Anthony Bourdain both filmed episodes in Cuba for their TV shows. Hollywood blockbusters "Transformers: The Last Knight" and "Fate of the Furious," were also filmed, as was Martin Scorsese's documentary about the Rolling Stones concert in Cuba, "Havana Moon."

Cultural diplomacy

- Organize talks and performances of Cuban and U.S. artists with decision makers in the U.S. Congress. These conversations could include topics such as education, gender, race, U.S.-Cuba relations and how changes in policy have impacted daily life and exchanges.
- Promote a robust program of artistic engagement including classes, festivals, concerts, and joined performances of Cuban and U.S. artists. Through these exchanges in both countries, audiences could explore the shared African and Latino identities, histories and lifestyles of people in the two shores, the Caribbean and Latin America.
- Support the visit of American celebrities to Cuba to promote travels and reaffirm safety of the island. Several U.S. celebrities including Beyoncé, Shaquille O'Neal, Jay Z, Rihanna, the Rolling Stones, Katy Perry, Naomi Campbell and Paris Hilton have visited Cuba and talked about its cultural richness. If U.S. celebrities continue going, posting on social media and talking about how safe Cuba is, that will encourage travels, exchanges, and businesses.
- Encourage sister cities programs in economically depressed parts of Cuba. Citizens diplomacy can promote collaboration, mutual understanding, respect and business opportunities.

Supporting educational exchanges

Some of the opportunities in the educational sphere include, the creation of bi-national curriculum, two-way study abroad programs, spaces to inform students in both countries about study opportunities, fellowship programs such as Hubert H. Humphrey Fellowship Program and Fulbright Fellowship (currently, not open for Cubans), English-language initiatives and the Semester at the Sea Program.

Baseball diplomacy

Under current U.S. regulations, only Cuban baseball players have to abandon their national team to play in the U.S. Because the players cannot sign directly with the MLB teams, they are often victims of human trafficking, extortion, and blackmails. An agreement between the MLB and the Cuban Baseball Federation could eliminate these hurdles and benefit both parts. The accord could involve hiring Cuban players with residency in third countries and the creation of a non-governmental body in Cuba to administer the percentage of salaries paid to Cuban players. This compensation could support sports initiatives, education, and improve facilities on the island.

Appendix 2: Proctor & Gamble

Between 2005 and 2015, the U.S. Securities and Exchange Commission (SEC) contacted and questioned Procter & Gamble (P&G) regarding their business dealings and exports to OFAC-sanctioned states such as Cuba, Iran, Sudan, and Syria. These exchanges were instigated by P&G's presence on the island, which P&G explains is a "dormant legal entity," known as P&G Comercial de Cuba, S.A., which remains an indirect claimant to the Foreign Claims Commission set up after the 1959 revolution. P&G explains further that while it does not have a formal economic presence on the island, its subsidiary in Panama continues to "evaluate options and expand dealings" with Cuba. Through its logistics operator, Procurement Systems, Inc. (PSI), P&G was able to export Pringles to Cuba under the food and agricultural products license exception to the Embargo (before divesting the company to Kellogg in 2012). Between July 2010 and November 2011, P&G generated $450,000 in profit from the sale of Pringles in Cuba, which it claimed was non-material business activity. P&G also claimed that, because they generate over $82.6 billion annually, their business dealings with sanctioned states, comprising barely 0.25 percent of all revenue, did not pose a material risk to shareholders. By justifying this export as being licensed to "meet humanitarian needs of the local populations," and posing no "material risk" to shareholders, P&G was able to defend their business dealings with Cuba to the SEC, and increase their exports to Cuba, as discussed below.

P&G also creatively labeled certain products as belonging to tangentially related "segments" permitted to be exported to sanctioned companies. For example, the SEC noted that:

"…cosmetics are grouped with skin care, home small appliances are grouped with male personal care, toothpaste is grouped with water filtration, batteries are grouped with dish care and diapers are grouped with paper towels."

P&G defended this by stating that their company's "reportable segments" were comprised of "more narrowly defined categories," and only delineated them from the other segments if they made more than five percent of revenues. For example, within their health care segment, oral, feminine, and personal health care products were included. Similarly, items such as batteries were grouped with the Fabric and Home Care segment. P&G also claimed that its skin care products, primarily facial cleansers and moisturizers, were grouped together with cosmetic products rather than distinguished from one another as they "both address female facial beauty needs." This is an important revelation, as skin care products are OFAC permitted under medical care products, meaning P&G could export cosmetics and other generally prohibited items. Thus, internal company practices and categorization allowed for P&G to legally skirt OFAC sanctions and export a variety of goods to sanctioned states.

P&G also secured feminine, health, and personal care product licenses from the U.S. Commerce Department (USCD) to export to Cuba, as did its logistics operator, PSI. Thanks to this, P&G was able to export, via PSI, feminine care products, shampoo, antiperspirants, soap, toothpaste, toothbrushes, anti-diarrheal medication, and anti-tussive ointment to Cuba. PSI additionally secured a license from the USCD in 2014 to supply "gift parcels" containing P&G products to Cuba for "further distribution to individual families in Cuba," that expires in 2018. Again in 2015, P&G had to defend itself to the SEC that its total revenue of $83 billion made its revenue from exports to Cuba "non-material" and in compliance with OFAC, BIS, and USCD regulations. What is interesting about the e-mail exchange from 2015 (full text below), is that P&G exports to Cuba began increasing rapidly:

Calendar Year	Revenue from exports to Cuba
2012	$300,000
2013	$780,000
2014	$2,300,000

Throughout each e-mail exchange, P&G expressed to the SEC its intention to export larger volumes to Cuba, and PSI, its logistics operator, was able to make it happen through the procurement of licenses, both streamlining the export process and reducing overhead costs for P&G.

The main lessons to draw from this interesting case study are that large U.S. firms have the networks, resources, and capacity to successfully engage with, and profit from trade with Cuba via their foreign subsidiaries and partners. Additionally, they have in the past, and will continue to moving forward, successfully navigate the maze that is U.S. Embargo legislation, successfully acquiring the necessary licenses to export to Cuba. Furthermore, by creatively categorizing and labeling products under related, and Embargo-exception-approved "segments," companies, both small and large, are able to legally increase the products available for export without undergoing the headache of applying for license after license. Moreso, when confronted by government entities such as the SEC which are enforcing compliance with the Embargo, other firms may refer to the same defenses as P&G that their products comply with OFAC and BIS licenses and offer humanitarian support. In the case of larger firms, so long as their overall revenue makes their Cuban export revenue non-material, their business engagement with Cuba will not provide any material or reputational risk to shareholders. P&G's success has laid a model for other firms to follow and should partner with the Chamber to provide guidance for other businesses attempting to enter the Cuban market.

Attachment A)

Michael G. Homan
Vice President
Corporate Accounting

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November 18, 2011

U.S. Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549-4631

Attn: John Cash
Accounting Branch Chief

Re: The Procter & Gamble Company
Form 10-K for the Fiscal Year Ended June 30, 2011
Filed August 10, 2011
File No. 1-434

Dear Mr. Cash:

This letter responds to the comments on The Procter & Gamble Company (the "Company") Form 10-K provided by the staff ("Staff") of the Securities & Exchange Commission (the "Commission") in your letter to the Company dated October 25, 2011. We have repeated your comments below in italics and have included our responses to each.

Form 10-K for the Year Ended June 30, 2011

General

1. *Please modify your company data in EDGAR to reflect your fiscal year end as June 30.*

Response:
We have modified our company data in EDGAR as requested.

2. *You disclose on page 3 that you sell your products in Latin America, the Middle East, and Africa, regions generally understood to include Cuba, Iran, Syria, and Sudan. Also, we note on P&G Lebanon's website that your office in Lebanon, Procter & Gamble Levant, serves Syria. In addition, we are aware of media reports that you sell several brands of your products extensively in Iran, that you have been focusing on Sudan as a market, and that your products are available in Cuba.*

As you know, Cuba, Iran, Sudan, and Syria are designated as state sponsors of terrorism by the State Department and are subject to U.S. economic sanctions and export controls. Please describe to us, in reasonable detail, the nature and extent of your past, current, and anticipated contacts with Cuba, Iran, Sudan, and/or Syria, whether through subsidiaries, affiliates, distributors, or other direct or indirect arrangements, since your letter to us dated May 25, 2005. Your response should describe any goods that you have provided into Cuba, Iran, Sudan, and/or Syria, directly or indirectly, and any agreements, commercial arrangements, or other contacts with the governments of those countries or entities controlled by those governments.

Response

Cuba

As described in our series of letters to the SEC in May 2005, The Procter & Gamble Company ("P&G") retains a dormant legal entity in Cuba, Procter & Gamble Comercial de Cuba, S. A. ("Comercial"), due to the fact that it was and still is an indirect claimant to the Foreign Claims Settlement Commission of the United States ("Foreign Claims Commission"). In October, 1959, Comercial sold and/or licensed all of its assets to another P&G subsidiary, Sabates Industrial, S.A. ("Industrial") for nearly $5 million dollars. In 1960, Industrial was expropriated by the Cuban government prior to the time Industrial satisfied its obligations to deliver the purchase price/licensing fees to Comercial. The Company filed a claim with the Foreign Claims Commission reflecting this loss, although this claim still has not been settled.

In light of recent changes in the U.S. policy towards Cuba, P&G's subsidiary in Panama continues to evaluate options to expand dealings with Cuba once U.S. embargo restrictions are fully lifted.

P&G, through its logistics operator Procurement Systems, Inc. ("PSI"), has made sales of Pringles potato crisps for export to Cuba that are authorized by the U.S. Commerce Department under its license exceptions for food and agricultural products. Pursuant to the license exceptions procedure, P&G, through PSI, has exported around $450,000 of Pringles to Cuba since July 2010. Also through PSI, P&G has secured Commerce Department licensing to export certain feminine care and health care products to Cuba. To date, no feminine care or health care exports have been made to Cuba, but plans are being developed to do so next year.

Finally, consistent with applicable provisions of the Cuban Assets Control Regulations, four designated P&G employees travelled to Cuba in late March 2011. Proper "Pre-Notice" and "Post-Travel Reports" were duly submitted to the Treasury Department's Office of Foreign Assets Control ("OFAC").

Iran

Consistent with our response to the SEC on May 25, 2005 with respect to the same question, Procter & Gamble International Operations S.A. ("PGIO"), a Swiss subsidiary of The Procter & Gamble Company located in Geneva, Switzerland, engaged in sales transactions with Iran without any involvement by U.S. persons, principally through four distributors, until PGIO stopped shipments in July 2010. PGIO sold certain consumer goods to these distributors, including the following categories: fabric care (laundry detergents), home care (dish soap), baby care (diapers and wipes), male grooming (razors, shave gels), and hair care (shampoos and conditioners), as well as cosmetics, perfumes, batteries and household and personal care appliances (Braun). Each distributor handled distinct products and generally did not sell overlapping products. All four distributors were private Iranian companies based in Tehran. P&G had no ownership interest in any of these distributors. The relationships with the Iranian distributors were managed by non-U.S. persons who were located primarily in the Geneva offices of PGIO. Other non-U.S. persons who were employees of PGIO or other non-U.S. subsidiaries and were located in other parts of Europe, the Middle East and Africa, also supported the activities from time-to-time. To the extent that any of the products sold to any Iranian distributor were manufactured in the United States, the products were drawn from general pre-existing inventories that were maintained by non-US persons.

In July 2010, following changes to the Company's global business and IT operations systems, PGIO stopped all shipments to Iran and pursued licenses from OFAC to sell eligible products to Iran via a single distributor (one of its existing distributors). This decision was made in order to ensure continued compliance with U.S. sanctions against Iran in light of the Company's system changes.

In December 2010, P&G and PGIO secured OFAC licenses for food (Pringles) and in June 2011, for medical devices (toothbrushes, dental floss, dental adhesive, feminine care products) and drugs (toothpastes, rinses, anti-dandruff hair care, antiperspirants and sunscreens). These one-year licenses are renewable, and PGIO plans to renew licenses as necessary. PGIO commenced shipment of some OFAC licensed products to its licensed distributor in Iran in the summer of 2011 and currently anticipates shipments through its licensed distributor across additional product categories licensed by OFAC throughout the course of 2011 and 2012. The relationship with the distributor is tightly managed by persons who have received specialized training on the permitted scope of activities under the OFAC license.

Sudan

Consistent with our response to the SEC on May 25, 2005 with respect to the same question, PGIO engaged in sales transactions with Sudan through a single distributor, without any involvement by U.S. persons, until PGIO stopped shipments in July 2010. The distributor was a Sudanese private company in which P&G had no ownership interest of any kind. PGIO sold certain consumer goods to the distributor, including in the following categories: fabric care (laundry detergents), baby care (diapers and wipes), hair care (shampoos and conditioners), and oral care (toothpaste and toothbrushes). The relationship with the Sudanese distributor was managed by non-U.S. persons who were located primarily in the Geneva offices of PGIO. Other non-U.S. person who were employees of PGIO or other non-U.S. subsidiaries, and were located in other parts of Europe, the Middle East and Africa, also supported the activities from time-to-time. To the extent that any of the products sold to the Sudanese distributor were manufactured in the United States, the products were drawn from general pre-existing inventories that were maintained by non-US persons.

In July 2010, following changes to the Company's global business and IT operating systems, PGIO stopped all shipments to Sudan and pursued licenses from OFAC to sell eligible products to Sudan via its existing distributor. This decision was made in order to ensure continued compliance with U.S. sanctions against Sudan in light of the Company's system changes.

In December 2010, P&G and PGIO secured OFAC licenses for food (Pringles) and in June 2011, for medical devices (toothbrushes, dental floss, dental adhesive, feminine care products) and drugs (toothpastes, rinses, anti-dandruff hair care, antiperspirants and sunscreens). PGIO plans to renew the one-year licenses as necessary and is currently also seeking a license for the supply of diapers on humanitarian grounds. PGIO commenced shipment of some OFAC licensed products to Sudan in the summer of 2011 and currently anticipates shipments through its licensed distributor across additional product categories licensed by OFAC in the course of 2011 and 2012. The relationship with the distributor is tightly managed by persons who have received specialized training on the permitted scope of activities for the OFAC license.

Syria

Certain non-U.S. subsidiaries, including PGIO and P&G subsidiaries in the Near East, without any involvement by U.S. persons, have historically engaged in sales transactions with Syria through various distributors. These distributors are Syrian private companies in which P&G has no ownership interest of any kind. The products distributed by these distributors include consumer goods in the following categories: fabric care (laundry detergents), home care (dish soap), baby care (diapers and wipes), feminine care, hair care (shampoos and conditioners), oral care, (toothpaste and toothbrushes), male grooming (razors and shave prep), body care products, cosmetics and fragrances. Measures have continuously been in place to ensure that products offered to Syria do not contain more than de minimis amounts of U.S.-origin content to comply with applicable sanctions requirements.

In November 2011, in the wake of a further tightening in the U.S. sanctions against Syria, PGIO decided to temporarily suspend shipments to Syria until it can obtain additional guidance from OFAC about the applicability of the sanctions to offshore sales.

3. *Please discuss the materiality of your business activities in, and other contacts with, Cuba, Iran, Sudan, and/or Syria, described in response to the foregoing comment, and whether they constitute a material investment risk for your security holders. You should address materiality in quantitative terms, including the approximate dollar amounts of any revenues, assets, and liabilities associated with each of the referenced countries for the last three fiscal years and the subsequent interim period. Also, address materiality in terms of qualitative factors that a reasonable investor would deem important in making an investment decision, including the potential impact of corporate activities upon a company's reputation and share value. Various state and municipal governments, universities, and other investors have proposed or adopted divestment or similar initiatives regarding investment in companies that do business with U.S.-designated state sponsors of terrorism. Your materiality analysis should address the potential impact of the investor sentiment evidenced by such actions directed toward companies that have operations associated with Cuba, Iran, Sudan, or Syria.*

Response

The limited business activities outlined above are not material to P&G, and none of these activities presents a material investment risk to investors. For Cuba, the revenues from the sales of Pringles from July 2010 to the end of October 2011 generated approximately $450,000, and were the only product sales in Cuba since the 1950s. We retain our claims with the Foreign Claims Commission, but these are not material, and there are no other material assets or liabilities in Cuba.

Total revenues for each of the other countries for the last three fiscal years and for the July-October period (FYTD), were approximately the following:

Iran:
FY 08/09 - $104 million; FY 09/10 - $115 million; FY 10/11 - $15 million
and FYTD - $7 million.

Sudan:
FY 08/09 - $4 million; FY 09/10 - $10 million; FY 10/11 - $1.5 million
and FYTD - $200 thousand.

Syria:
FY 08/09 - $46 million; FY 09/10 - $53 million; FY 10/11 - $64 million
and FYTD - $23 million.

Total Company revenues for the last three fiscal years and for the July-September 2012 period were:

Total Company:
FY 08/09 - $76.7 billion; FY 09/10 - $78.9 billion; FY 10/11 - $82.6 billion
and July-September 2012 - $21.9 billion.

These revenue totals for the sanctioned countries, which comprise in the aggregate each year less than 0.25% of P&G's total overall revenue, are not material, and there are no material assets or liabilities reported in these countries. The revenues in Iran and Sudan significantly decreased following our change in July 2010 to distribute products only under OFAC licenses, and these significant decreases did not have a material impact on the Company's results or trends.

Not only are the revenue levels immaterial in these countries, but we do not maintain a physical presence in Cuba, Iran, Sudan or Syria, nor do we have employees in those countries. The nature of our contacts with these countries is very limited —and for the purpose of selling consumer products used to enhance the day-to-day life of ordinary citizens. Reaching these consumers is consistent with P&G's stated purpose—to touch and improve more consumers' lives, in more parts of the world, more completely. We believe that these minor sales do not present a material risk to our shareholders.

In addition, we continue to operate in all of these countries in compliance with applicable sanctions. Since the decision in July 2010 to stop shipping to Iran and Sudan, we are operating in those two countries only under OFAC licenses, and have recently suspended shipments to Syria while we await additional guidance from OFAC on the impact of the new sanctions and additional authorization, if needed. In addition, each of P&G's wholly-owned subsidiaries screens its customers against the various U.S. government lists of individuals, entities and groups subject to U.S. economic sanction or other limitation on U.S. trading privileges. These actions demonstrate our careful consideration of the applicable sanctions, and our close attention to the application of these sanction to our business as it changes over time. This helps to ensure that the Company avoids any potential legal or reputational risk that could arise from non-compliance. Especially recognizing our strong focus and attention on continued compliance with applicable laws related to the distribution of our products in these countries, these sales do not present a material risk to our shareholders.

After taking into consideration both quantitative factors and qualitative factors, P&G believes that neither the sales of our products under OFAC/Commerce Department licenses nor the potential impact of the investor sentiment towards such operations associated with Cuba, Iran, Sudan and Syria is material. Accordingly, P&G believes that its subsidiaries' past and future dealings with these countries do not constitute a material investment risk for the Company's shareholders. We reached this conclusion based on the following: (i) the nature of the products sold are consumer products; (ii) our business dealings in these countries are conducted in compliance with applicable U.S. laws relating to the sales of these products in these territories; (iii) current sales to Cuba, Iran and Sudan are, and any future sales to these countries will be, licensed by OFAC and the Commerce Department to meet humanitarian needs of the local populations and in the case of Syria, will be conducted in compliance with laws; and (iv) the amount of sales, assets and liabilities in these countries both individually and in the aggregate is clearly immaterial relative to the total company.

Exhibit 13. Annual Report to Shareholders

Note 11. Segment Information

4. *We note your response to our prior comment two. However, it appears there are distinct differences in some of the products within your reportable segments. For example, we note cosmetics are grouped with skin care, home small appliances are grouped with male personal care, toothpaste is grouped with water filtration, batteries are grouped with dish care and diapers are grouped with paper towels. Therefore, we continue to believe you should revise future filings to include the revenue information for your products. We note your intention to include revenue information for your two most significant product categories. While this disclosure is beneficial, the revenue information for your other products would help a reader better understand items such as your trends, concentrations and growth drivers. In addition, we note your business units are product based. We also note various instances in MD&A in which you cite certain products in explaining your results. Given management's emphasis on and analysis of product information, it appears that the revenue information for your products would better allow an investor to see the Company through the eyes of management*

Response
In future Form 10-K filings we will provide additional revenue information for groups of similar products in our segment footnote. Each of our reportable segments is comprised of more narrowly defined product categories. For example, within the Health Care segment, we have the oral care, feminine care and personal health care categories. Within the Fabric and Home Care segment, we have the fabric care, home care and batteries categories. Our additional future product-based disclosures will be based on these product categories. This is consistent with how our businesses operate and the general structure of our MD&A. We plan to provide revenue information for each of our product categories with revenues equal to or exceeding 5% of revenues, grouping the remaining categories into an "all other" line. We do consider our skin care products (which are comprised primarily of facial moisturizers and cleansers) to be very similar to our cosmetics products, as they both address female facial beauty needs. Accordingly, we will include these within the same "female beauty" product disclosure. Certain of the other categories referenced in your comment (for example, water filtration, home small appliances and batteries) are well below the 5% threshold and would be grouped into the "all other" line along with our other smaller categories. Based on this approach, the following table illustrates the disclosures we plan to provide in the future, using data from our most recent year-end. This additional revenue information will allow our investors to better understand items such as our trends, concentrations and growth drivers.

	% of Sales by Product Category		
Category	**2011**	**2010**	**2009**
Fabric Care	19%	20%	20%
Baby Care	12%	12%	12%
Hair Care	11%	11%	11%
Male Grooming	8%	8%	8%
Female Beauty	7%	8%	8%
Home Care	7%	6%	6%
Family Care	6%	6%	6%
Oral Care	6%	6%	6%
Feminine Care	6%	6%	6%
All Other	*18%*	*17%*	*17%*
	100%	**100%**	**100%**

5. *We note your response to our prior comment three. Please revise future filings to clarify that no other individual country is considered material*

Response
Our future filings will be revised to clarify this point.

In connection with the foregoing response to the Staff's comments, the Company acknowledges that:

- It is responsible for the adequacy and accuracy of the disclosure in the filing;
- The Staff comments or changes to disclosure in response to Staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- The Company may not assert Staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

If you or any other member of the Staff has any further questions or comments concerning the Company’s responses, please contact either Susan Whaley, Associate General Counsel & Assistant Secretary (with respect to our responses to comments 2 and 3) at (513) 983-7695, or me at (513) 983-6666.

Sincerely,

/s/ Mick Homan

Mick Homan
Vice President, Corporate Accounting

cc: Susan S. Whaley
Associate General Counsel & Assistant Secretary

Attachment B)

P&G

Michael G. Homan
Vice President
Corporate Accounting

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U.S. Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549

Attn: Cecilia Blye, Chief
January 21, 2015
Office of Global Security Risk

Re: The Procter & Gamble Company
Form 10-K for the Fiscal Year Ended June 30, 2014
Filed August 8, 2014
File No. 1-00434

Dear Ms. Blye,

This letter responds to the comments on The Procter & Gamble Company (the "Company" or "P&G") Form 10-K provided by the staff ("Staff") of the Securities and Exchange Commission (the "Commission") in your letter dated January 6, 2015. We have repeated your comments below in italics and have included our responses to each.

General

1. You stated in your letter to us dated November 18, 2011 that your subsidiaries sold and intended to sell products into Cuba and Sudan, and were waiting to receive additional guidance from OFAC about the applicability of U.S. sanctions to offshore sales to Syria. Cuba, Sudan, and Syria are identified by the State Department as state sponsors of terrorism, and are subject to U.S. economic sanctions and export controls. You do not discuss in the Form 10-K contacts with Cuba, Sudan or Syria. Please provide us with information regarding your contacts with Cuba, Sudan and Syria since the referenced letter. You should describe any goods you have provided into Cuba, Sudan and Syria, directly or indirectly, and any agreements, arrangements or other contacts you have had with the governments of Cuba, Sudan and Syria or entities they control.

Response

Cuba
As described in our letter to the SEC dated November 18, 2011, The Procter & Gamble Company ("P&G") retains a dormant legal entity in Cuba, Procter & Gamble Comercial de Cuba, S. A. ("Comercial"), due to the fact that it was and still is an indirect claimant to the Foreign Claims Settlement Commission of the United States ("Foreign Claims Commission"). In October, 1959, Comercial sold and/or licensed all of its assets to another P&G subsidiary, Sabates Industrial, S.A. ("Industrial") for nearly $5 million dollars. In 1960, Industrial was expropriated by the Cuban government prior to the time Industrial satisfied its obligations to deliver the purchase price/licensing fees to Comercial. The Company filed a claim with the Foreign Claims Commission reflecting this loss, although this claim still has not been settled.

P&G, through its logistics operator, Procurement Systems, Inc. ("PSI"), exported Pringles potato crisps until the Pringles business was divested to the Kellogg Company in June 2012. These sales were authorized by the U.S. Commerce Department under its license exceptions for food and agricultural products. Additionally, PSI obtained a U.S. Commerce Department export license in 2011 that included certain feminine care, healthcare and personal care products, and in March 2013, PSI obtained a similar, but slightly broader, license. Pursuant to this 2013 license, and since that time, P&G, through PSI, has exported small shipments of feminine care products, shampoo, antiperspirants, soap, toothpaste, toothbrushes, anti-diarrheal medication and antitussive ointment to Cuba.

In May 2014, PSI secured a further license from the U.S. Commerce Department authorizing PSI to supply "gift parcels" with all types of P&G products to Cuba, for further distribution to individual families in Cuba. This license is valid through 2018. To date, no gift parcel exports have been made to Cuba, though we expect shipments to begin in the next few months. P&G's subsidiary in Panama also continues to evaluate options to expand dealings with Cuba once U.S. embargo restrictions are fully lifted.

Sudan
Consistent with our response to the SEC dated November 18, 2011, P&G and Procter & Gamble International Operations S.A. ("PGIO"), a Swiss subsidiary of P&G located in Geneva, Switzerland, commenced shipment of certain products to Sudan in the summer of 2011 through its licensed distributor. These shipments were authorized under licenses from the Treasury Department's Office of Foreign Assets Control ("OFAC"). P&G and PGIO have continued to operate under OFAC licenses to sell and export certain food (Pringles crisps, prior to their divestiture in 2012), healthcare and personal care products. PGIO currently exports small shipments of feminine care products, shampoos, toothbrushes and toothpaste to its distributor. The one-year licenses will continue to be renewed as necessary, and the relationship with our distributor is managed by limited persons who have received specialized training on the permitted scope of activities for the OFAC licenses.

PGIO anticipates that, in the next few months, some or all of these shipments may be undertaken by a Dubai-based subsidiary of P&G, Procter & Gamble Middle East FZE, but the arrangement will continue to be carefully managed.

Syria
As disclosed in our November 18, 2011 letter, PGIO temporarily suspended shipments to Syria in 2011 in response to further tightening of sanctions against Syria.

In June 2013, P&G and PGIO subsequently secured a license from OFAC to permit services relating to the export to Syria of non-U.S. origin medicines and medical devices that would be classifiable as EAR99 under Export Administration Regulations. Pursuant to this license, export and sale of toothpaste, toothbrush, anti-dandruff shampoo and feminine care products commenced in late 2013 to several distributors that are Syrian private companies and in which P&G has no ownership interest. P&G and PGIO put measures in place, where necessary, to ensure that the exported products were neither of U.S. origin nor contained more than de minimis amounts of U.S.-origin content. The relationship with the Syrian distributors is managed by limited persons from PGIO who have received specialized training on the permitted scope of activities for the OFAC license.

Additionally, the general licenses granted in 2014 in respect of services supporting the delivery of non-U.S.-origin medicines and medical devices in the Syrian Sanctions Regulations obviate the need for the specific license in favor of P&G and PGIO to continue these activities. PGIO anticipates that some or all of its activities described above may shortly be undertaken under this general license by Procter & Gamble Middle East FZE, a Dubai-based subsidiary of P&G.

2. *Please discuss the materiality of any contacts with Cuba, Sudan and Syria you describe in response to the comments above, and whether the contacts constitute a material investment risk for your security holders. You should address*

materiality in quantitative terms, including the approximate dollar amounts of any revenues, assets and liabilities associated with Cuba, Sudan and Syria for the last three fiscal years and the subsequent interim period. Also, address materiality in terms of qualitative factors that a reasonable investor would deem important in making an investment decision, including the potential impact of corporate activities upon a company's reputation and share value. As you know, various state and municipal governments, universities and other investors have proposed or adopted divestment or similar initiatives regarding investment in companies that do business with U.S.-designated state sponsors of terrorism. You should address the potential impact of the investor sentiment evidenced by such actions directed toward companies that have operations associated with Cuba, Sudan and Syria.

Response

The limited business activities outlined above are not material to P&G, and none of these activities presents a material investment risk to P&G's investors.

Total consolidated global P&G revenues for the last three fiscal years and for the July-September 2014 period ("FYTD 14/15") were:

Total P&G:
FY 11/12 - $82 billion
FY 12/13 - $82.6 billion
FY 13/14 - $83.1 billion
FYTD 14/15 - $20.8 billion (Three months ended September 30, 2014)

For Cuba, the total revenue for P&G exports was approximately $300 thousand in calendar year 2012, $780 thousand in calendar year 2013, and $2.3 million in calendar year 2014.

Total revenues for Syria and Sudan for the last three fiscal years and for FYTD 14/15 were approximately the following:

Sudan:
FY 11/12 - $1.2 million
FY 12/13 - $1.2 million
FY 13/14 - $259 thousand
FYTD 14/15 - $128 thousand

Syria:
FY 11/12 - $28.8 million
FY 12/13 - $0
FY 13/14 - $662 thousand
FYTD 14/15 - $13 thousand

In quantitative terms, these revenue totals for the sanctioned countries, which comprise in the aggregate each year less than 0.05% of P&G's total overall revenue, are not material. As shown above, the revenues in Syria significantly decreased following our decision in November 2011 to temporarily suspend shipments to Syria while we awaited additional guidance from OFAC on the impact of the new sanctions, and this significant decrease did not have a material impact on P&G's results or trends. Additionally, while we retain our above-mentioned claims with the Foreign Claims Commission in Cuba, assets and liabilities reported in these countries did not exceed $200 thousand as of the end of any of the above periods. We do not maintain a physical presence in Cuba, Sudan or Syria, nor do we have employees in those countries.

In qualitative terms, the nature of our contacts with these countries is very limited, is for the purpose of selling consumer products used to enhance the day-to-day life of ordinary citizens, and is conducted in compliance with applicable sanctions. Moreover, we continue to operate in all three countries in compliance with applicable sanctions and under applicable licenses. For instance, as mentioned above, P&G suspended shipments to Syria between November 2011 and late 2013 to ensure that P&G received the appropriate guidance and licenses from OFAC for its shipments to Syria. Our careful consideration of the applicable sanctions and their application to our business as it changes over time helps to ensure that P&G avoids any potential legal or reputational risk that could arise from non-compliance.

After taking into consideration both quantitative factors and qualitative factors, P&G believes that neither the sales of our products under OFAC/Commerce Department licenses and general authorizations nor the potential impact of the investor sentiment towards such operations associated with Cuba, Sudan and Syria is material. Accordingly, P&G believes that its subsidiaries' past and future dealings with these countries do not constitute a material reputational or investment risk for P&G's shareholders. We reached this conclusion based on the following: (i) the nature of the products sold are consumer products; (ii) our business dealings in these countries are conducted in compliance with applicable U.S. laws relating to the sales of these products in these countries; (iii) current sales to Cuba, Syria and Sudan are, and any future sales to these countries will be, licensed by OFAC (under specific or general licenses) and the Commerce Department to meet humanitarian needs of the local populations; and (iv) the amount of sales, assets and liabilities in these countries both individually and in the aggregate is immaterial relative to total consolidated global P&G sales, assets and liabilities.

In connection with the foregoing response to the Staff's comments, the Company acknowledges that:

- It is responsible for the adequacy and accuracy of the disclosure in the filing;
- The Staff comments or changes to disclosure in response to Staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- The Company may not assert Staff comments as a defense in any preceeding initiated by the Commission or any person under the federal securities laws of the United States.

If you or any other member of the Staff has any further questions or comments concerning the Company's responses, please contact either Susan Whaley, Associate General Counsel & Assistant Secretary at (513) 983-7695, or me at (513) 983-6666.

Sincerely,

Mick Homan
Vice President, Finance & Accounting - Corporate Accounting

cc: Susan Whaley
Associate General Counsel & Assistant Secretary

Appendix 3: Independent Entrepreneur

FILED by TB D.C.

Apr 3, 2018

STEVEN M. LARIMORE
CLERK U.S. DIST. CT.
S.D. OF FLA. – MIAMI

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

18-10012-CR-MOORE/SIMONTON

CASE NO.

18 U.S.C. § 554
18 U.S.C. § 1001(a)(2)
18 U.S.C. § 981(a)(1)(C)
22 U.S.C. § 401
21 U.S.C. § 853

UNITED STATES OF AMERICA

v.

BRYAN EVAN SINGER,

Defendant.

______________________________/

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

1. Under the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-07, the President of the United States was granted authority to deal with unusual and extraordinary threats to the national security and foreign policy of the United States. Under IEEPA, the President may declare a national emergency through Executive Orders that have the full force and effect of law.

2. IEEPA also empowers the U.S. Department of Commerce ("DOC") to issue regulations governing exports. Initially, the Export Administration Act ("EAA"), 50 App. U.S.C. §§ 4601-4623, regulated the export of goods, technology, and software from the United States. Pursuant to the provisions of the EAA, the DOC promulgated the Export Administration

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

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Regulations ("EAR"), 15 C.F.R. §§ 730-774, which contain additional restrictions on the export of goods outside of the United States, consistent with the policies and provisions of the EAA. *See* 15 C.F.R. § 730.02. Although the EAA lapsed on August 17, 2001, pursuant to the authority provided to the President under IEEPA, the President issued Executive Order 13222, which declared a national emergency with respect to the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States in light of the expiration of the EAA. Accordingly, pursuant to IEEPA, the President ordered that the EAR's provisions remain in full force and effect despite the expiration of the EAA. Presidents have issued annual Executive Notices extending the national emergency declared in Executive Order 13222 from the time period covered by that Executive Order through the present. *See, e.g.*, 82 Fed. Reg. 39005 (Aug. 16, 2017). Under IEEPA, it is a crime to willfully violate any regulation promulgated thereunder, including the EAR. *See* 50 U.S.C. § 1705.

3. Pursuant to its authority derived from IEEPA, the DOC reviewed and controlled the export of certain items, including goods, software, and technologies, from the United States to foreign countries through the EAR. In particular, the EAR restricted the export of items that could make a significant contribution to the military potential of other nations or that could be detrimental to the foreign policy or national security of the United States. The EAR imposed licensing and other requirements for items subject to the EAR to be lawfully exported from the United States or lawfully re-exported from one foreign destination to another. The most sensitive items subject to EAR controls were identified on the Commerce Control List, or "CCL," published at 15 C.F.R. Part 774, Supp. No. 1. Items on the CCL were categorized by Export Control Classification Number ("ECCN"), each of which has export controls requirements depending on destination, end use, and end user.

4. Pursuant to IEEPA Section 1705(a), "[i]t shall be unlawful for a person to violate, attempt to violate, conspire to violate, or cause a violation of any license, order, regulation, or prohibition issued under this chapter," and pursuant to Section 1705(c), "[a] person who willfully commits, willfully attempts to commit, or willfully conspires to commit, or aids or abets in the commission of, an unlawful act described in subsection (a) of this section shall" be guilty of a crime.

5. The DOC required the filing of electronic export information (EEI), previously the Shipper's Export Declaration (SED), through the Automated Export System (AES) pursuant to Title 13, United States Code, Section 305 and Foreign Trade Regulations (FTR), Title 15, Code of Federal Regulations, Part 30. The purpose of these requirements was to strengthen the United States government's ability to prevent the export of certain items to unauthorized destinations and end users because the AES aids in targeting, identifying, and when necessary confiscating suspicious or illegal shipments prior to exportation. 15 C.F.R. § 30.1(b). The AES was administered by the Department of Homeland Security (DHS), Customs and Border Protection (CBP).

6. With exceptions not relevant to the exports at issue in this Indictment, EEI was required to be filed for, among other things, the export of commodities valued over $2,500. EEI was required to contain, among other things, the names and addresses of the parties to the transaction; the description, quantity, and value of the items exported; the ultimate consignee (end user); and the ultimate country of destination. 15 C.F.R. § 30.6(a).

7. As discussed above, the CCL listed the most sensitive items subject to EAR controls and categorized them by ECCN. Each ECCN category had export controls requirements depending on destination, end use, and end user.

8. Ubiquiti Nanostation M2 Network Modems are items classified on the CCL under ECCN 5A002.A1.

9. TP Link Modems are items classified on the CCL under ECCN 5A992.C.

10. Cable Box Circuit Boards are items designated as EAR99.

11. The defendant, **BRYAN EVAN SINGER**, never applied for or obtained a DOC or OFAC license to export any of the above-listed items to Cuba.

COUNT 1
Smuggling Goods Outside of the United States
(18 U.S.C. § 554)

1. The allegations set forth in paragraphs 1 through 11 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as if fully set forth herein.

2. On or about May 2, 2017, in Monroe County, in the Southern District of Florida, the defendant,

BRYAN EVAN SINGER,

did knowingly and fraudulently attempt to export and send from the United States to Cuba an article, object, and merchandise, that is, Ubiquiti Nanostation M2 Network Modems, TP Link Modems, and Cable Box Circuit Boards, contrary to law and regulations of the United States, namely, Title 50, United States Code, Section 1705, in violation of Title 18, United States Code, Sections 554(a) and 2.

COUNT 2
False Statements
(18 U.S.C. § 1001(a)(2))

On or about May 2, 2017, in Monroe County, in the Southern District of Florida, in a matter within the jurisdiction of Homeland Security Investigations (HSI), an agency of the executive branch of the Government of the United States, the defendant,

BRYAN EVAN SINGER,

did knowingly and willfully make a false, fictitious, and fraudulent statement and representation as to a material fact during an interview with a Special Agent of HSI, an agency within the United States Department of Homeland Security, in that he represented that he was transporting to Cuba only those items observable in plain view on board the vessel "La Mala," when in truth and in fact, and as the defendant then and there well knew, he was not transporting to Cuba only those items observable in plain view on board the vessel "La Mala," in violation of Title 18, United States Code, Section 1001(a)(2).

FORFEITURE ALLEGATION

1. The allegations of this Indictment are re-alleged and by this reference fully incorporated herein for the purpose of alleging criminal forfeiture to the United States of America of certain property in which the defendant has an interest.

2. Upon conviction of a violation of Title 18, United States Code, Section 554, as alleged in this Indictment, the defendant shall forfeit all of his right, title and interest to the United States in any property, real or personal, which constitutes or is derived from proceeds traceable to such violation, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and in all arms or munitions of war and other articles seized as a result of such violation, pursuant to Title 22, United States Code, Section 401.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 22, United States Code, Section 401, both of which are made applicable by Title 28, United States Code, Section 2461(c), and the procedures set forth at Title 21, United States Code, Section 853.

A TRUE BILL

BENJAMIN G. GREENBERG
UNITED STATES ATTORNEY

BRIAN J. SHACK
ASSISTANT UNITED STATES ATTORNEY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

UNITED STATES OF AMERICA

v.

BRYAN EVAN SINGER,
Defendant. /

CASE NO. ____________

CERTIFICATE OF TRIAL ATTORNEY*

Superseding Case Information:

Court Division: (Select One)
☐ Miami ☑ Key West
☐ FTL ☐ WPB ☐ FTP

New Defendant(s) Yes ☐ No ☐
Number of New Defendants ____
Total number of counts ____

I do hereby certify that:

1. I have carefully considered the allegations of the indictment, the number of defendants, the number of probable witnesses and the legal complexities of the Indictment/Information attached hereto.

2. I am aware that the information supplied on this statement will be relied upon by the Judges of this Court in setting their calendars and scheduling criminal trials under the mandate of the Speedy Trial Act, Title 28 U.S.C. Section 3161.

3. Interpreter: (Yes or No) NO
List language and/or dialect ____________

4. This case will take 2-3 days for the parties to try.

5. Please check appropriate category and type of offense listed below:

(Check only one)			(Check only one)	
I	0 to 5 days	☑	Petty	☐
II	6 to 10 days	☐	Minor	☐
III	11 to 20 days	☐	Misdem.	☐
IV	21 to 60 days	☐	Felony	☑
V	61 days and over	☐		

6. Has this case been previously filed in this District Court? (Yes or No) No
If yes:
Judge: Case No. ____________
(Attach copy of dispositive order)
Has a complaint been filed in this matter? (Yes or No) No
If yes:
Magistrate Case No.
Related Miscellaneous numbers: ____________
Defendant(s) in federal custody as of ____________
Defendant(s) in state custody as of ____________
Rule 20 from the District of ____________
Is this a potential death penalty case? (Yes or No) No

7. Does this case originate from a matter pending in the Northern Region of the U.S. Attorney's Office prior to October 14, 2003? Yes ☐ No ☑

BRIAN J. SHACK
ASSISTANT UNITED STATES ATTORNEY
Court I.D. No. A5502166

*Penalty Sheet(s) attached

REV 4/8/08

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: **BRYAN EVAN SINGER**

Case No:

Count #: 1

Smuggling Goods Outside of the United States

Title 18, United States Code, Section 554

***Max. Penalty:** 10 Years' Imprisonment

Count #: 2

False Statements to Federal Law Enforcement

Title 18, United States Code, Section 1001(a)(2)

***Max. Penalty:** 5 Years' Imprisonment

***Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**

Appendix 4: AIG

ENFORCEMENT INFORMATION FOR June 26, 2017

Information concerning the civil penalties process is discussed in OFAC regulations governing the various sanctions programs and in 31 C.F.R. Part 501. On November 9, 2009, OFAC published as Appendix A to part 501 Economic Sanctions Enforcement Guidelines. *See* 74 Fed. Reg. 57,593 (Nov. 9, 2009). The Economic Sanctions Enforcement Guidelines, as well as recent final civil penalties and enforcement information, can be found on OFAC's website at http://www.treasury.gov/ofac/enforcement.

ENTITIES – 31 C.F.R. 501.805(d)(1)(i)

American International Group, Inc. Settles Potential Liability for Apparent Violations of Multiple Sanctions Programs: American International Group, Inc. (AIG) of New York, NY, an international insurance and financial services organization incorporated in Delaware and headquartered in New York, has agreed to remit $148,698 to settle its potential civil liability for 555 apparent violations of the following OFAC sanctions programs: the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560 (ITSR); the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 C.F.R. Part 544 (WMDPSR); the Sudanese Sanctions Regulations, 31 C.F.R. Part 538 (SSR); and the Cuban Assets Control Regulations, 31 C.F.R. Part 515 (CACR), (collectively, the "Apparent Violations").

OFAC has determined that AIG did voluntarily self-disclose the Apparent Violations, and that the Apparent Violations constitute a non-egregious case. The total base penalty amount for the apparent violations was $198,266.

From on or about November 20, 2007, to on or about September 3, 2012, AIG engaged in a total of 555 transactions totaling approximately $396,530 in premiums and claims for the insurance of maritime shipments of various goods and materials destined for, or that transited through, Iran, Sudan, or Cuba, and/or that involved a blocked person. While most of the Apparent Violations occurred under global insurance policies, dozens of apparent violations occurred under single shipment policies. OFAC identified 455 apparent violations totaling $274,463.64 in which AIG extended insurance coverage to parties that were engaging in a voyage, shipment, or transshipment to, from, or through Iran, and/or accepted premium payments or paid claims arising from that insurance coverage, in apparent violation of § 560.204 of ITSR. In addition, OFAC identified 38 apparent violations of § 538.205 of the SSR, all of which pertained to global insurance policies that provided insurance coverage for shipments going to or from Sudan, with premiums received totaling $13,321.44. Moreover, OFAC identified 33 apparent violations of § 544.201 of the WMDPSR, all of which involved shipments aboard blocked Islamic Republic of Iran Shipping Lines vessels, with premiums received totaling $105,065.94. Finally, OFAC identified 29 apparent violations of § 515.201 of the CACR, all of which pertained to AIG's provision of insurance coverage in connection with shipments to or from Cuba, or its processing of premiums or claims arising from this coverage or that involved a Cuban entity, with premiums received totaling $3,679.

AIG's OFAC compliance program in place at the time of the Apparent Violations included recommendations for when to use exclusion clauses in the policies it issued regarding coverage or claims that implicated U.S. economic sanctions. While a majority of the policies were issued with exclusionary clauses, most were too narrow in their scope and application to be effective. In addition, some of the policies were issued without such clauses. Separately, some insureds, mindful of existing exclusionary clauses in their open cargo or worldwide master policies, sought single shipment policies that had no exclusionary clauses.

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. Part 501, app. A. The following were considered aggravating factors: AIG engaged in a pattern or practice that spanned multiple years in which it issued and maintained insurance policies and processed claims and premium payments in apparent violation of multiple U.S. sanctions programs; AIG issued policies and insurance certificates, and/or processed claims and other insurance-related transactions, that conferred economic benefit to sanctioned countries or persons and undermined the policy objectives of several U.S. economic sanctions programs; and AIG is a large and commercially sophisticated financial institution.

The following were considered mitigating factors: AIG has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the Apparent Violations; AIG had an OFAC compliance program in place at the time of the Apparent Violations that included, in most instances, the use of sanctions exclusion clauses to try to prevent the company from issuing policies or processing claims that implicated U.S. economic sanctions; AIG took remedial action in response to the apparent violations; and AIG cooperated with OFAC's investigation, including by voluntarily self-disclosing the Apparent Violations, submitting detailed and well-organized information to OFAC, and signing tolling agreements that tolled the statute of limitations.

This enforcement action highlights the important role that properly executed exclusionary clauses and robust compliance controls play in the global insurance industry's efforts to comply with U.S. economic sanctions programs. As outlined in OFAC's Frequently Asked Questions regarding Compliance for the Insurance Industry, the best and most reliable approach for insuring global risks without violating U.S. sanctions law is to insert in global insurance policies an explicit exclusion for risks that would violate U.S. sanctions laws.

For more information regarding OFAC regulations, please visit: http://www.treasury.gov/ofac.

ENFORCEMENT INFORMATION FOR November 17, 2017

Information concerning the civil penalties process is discussed in the Office of Foreign Assets Control (OFAC) regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. These references, as well as recent final civil penalties and enforcement information, can be found on OFAC's website at *http://www.treasury.gov/ofac/enforcement*.

ENTITIES – 31 C.F.R. 501.805(d)(1)(i)

BCC Corporate SA Settles Potential Liability for Apparent Violations of the Cuban Assets Control Regulations: BCC Corporate SA ("BCCC") is a Belgium-based credit card issuer and corporate service company that issues various payment products, such as credit cards, to its European-based corporate customers. At the time of the apparent violations, BCCC was a wholly owned subsidiary of Alpha Card Group ("Alpha Card"), which in turn was owned 50 percent by American Express Company (AMEX), a U.S. financial institution. AMEX has agreed to remit $204,277 to settle potential civil liability for 1,818 apparent violations of the Cuban Assets Control Regulations, 31 C.F.R. part 515 (CACR).

Between April 9, 2009 and February 3, 2014, credit cards BCCC had issued to its corporate customers were used to make credit card purchases in Cuba. Although Alpha Card and BCCC had policies and procedures in place to review transactions for matches to OFAC's List of Specially Designated Nationals and Blocked Persons for compliance with U.S. economic sanctions laws, Alpha Card and BCCC nevertheless failed to implement controls to prevent BCCC-issued credit cards from being used in Cuba. Between April 9, 2009 and February 3, 2014, BCCC processed 1,818 transactions totaling $583,649.43 for more than 100 distinct corporate customers of BCCC whose cards were used in Cuba or that otherwise involved Cuba.[1] The total base penalty amount for the 1,818 apparent violations was $291,825.

OFAC has determined that AMEX voluntary self-disclosed the apparent violations to OFAC and that the apparent violations constitute a non-egregious case.

The settlement amount reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. OFAC considered the following to be aggravating factors:
(1) personnel within both Alpha Card and BCCC had reason to know of the conduct that led to the apparent violations; (2) despite Alpha Card's business model prior to its acquisition of BCCC in March 2009, in which it dealt exclusively with AMEX-related products (and therefore had insight into all the parties involved in any transactions throughout the network), none of the companies involved appear to have appreciated the possibility or risk that BCCC-issued credit cards could be used in Cuba, and the company should have taken steps to assess the level of sanctions risk, and related controls, for BCCC-issued credit cards; (3) the apparent violations

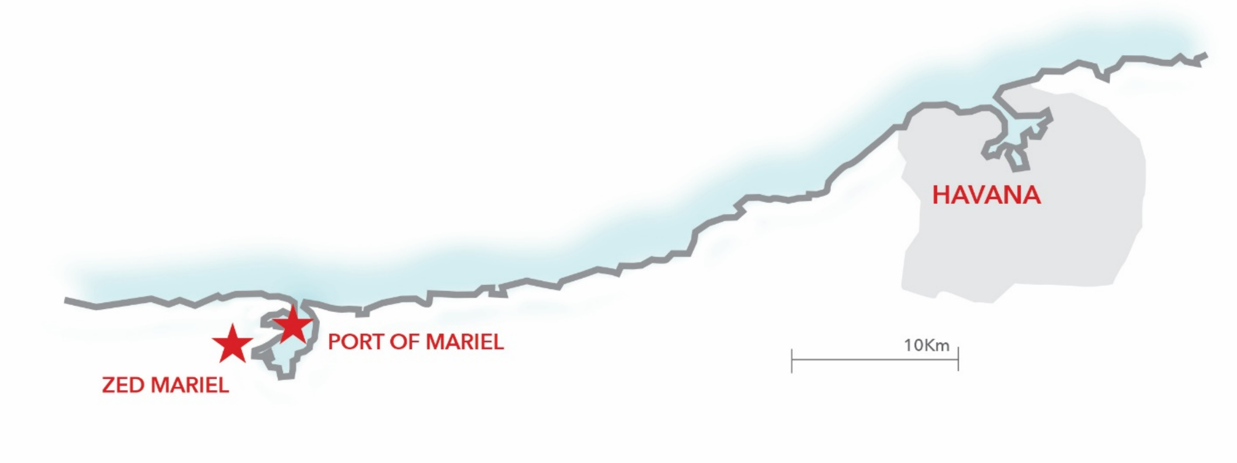
[1] In January 2015, OFAC revised its regulations to authorize U.S. financial institutions to process credit and debit card transactions and permit the use of their credit and debit cards for certain travel to Cuba by U.S. nationals as well as third-country nationals.

resulted in harm to U.S. sanctions program objectives at the time they occurred; (4) AMEX is a large and commercially sophisticated financial institution; and (5) during OFAC's investigation, AMEX and BCCC provided certain information on multiple occasions that was verifiably inaccurate or incomplete, including material omissions.

OFAC considered the following to be mitigating factors: (1) BCCC has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the apparent violations; (2) upon discovering the apparent violations, AMEX took swift and appropriate remedial action; (3) AMEX and BCCC voluntarily self-disclosed the apparent violations to OFAC; and (4) BCCC signed a statute of limitations tolling agreement and tolling agreement extensions..

For more information regarding OFAC regulations, please visit: *http://www.treasury.gov/ofac*.

Appendix 6: ZED Mariel



The port of Mariel, located 45 kilometers east of Havana, was created with the purpose of unloading large shipping containers and freeing up space for tourist cruises in Havana. The port aims to become a transshipping hub where large ships can unload without needing to turn around. Mariel is currently operating at about 40% capacity. The port aims to expand to a capacity of three million twenty-foot equivalent unites (TEUs) per year or 820,000 cargo containers.

The Mariel Economic Development Zone (ZED) was built next to the shipping port in 2014 to draw much needed foreign direct investment to Cuba. Many of the most attractive investment projects in Cuba are based in the at ZED Mariel, which offers investors incentives such as tax breaks, 100% ownership, short-time approval, no tax on profits the first ten years, and renewable 50-year contracts. ZED Mariel is Cuba's greatest attempt to show investors that it is reforming its economy and the projects prioritized in this zone are those that will produce goods that Cuba needs locally in sectors such as biotech, pharmaceuticals, manufacturing and logistical services. However, as of November 2017, Mariel is on the Trump administration's list of "Restricted Entities." Since staff must be paid through a government agency, labor costs are higher than in other developing countries. Still, Cuba's labor force is also the best trained at the lowest market price an investor will find. Also as of November 2017, 31 projects were approved with investors from mostly European countries. One U.S. company, Rimco, secured a deal before ZED Mariel became prohibited.