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June 15, 2025 – Volume 20, Issue 10

UNLEASHING AMERICAN DRONE DOMINANCE

June 6, 2025

https://www.whitehouse.gov/presidential-actions/executive-orders/

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. Unmanned aircraft systems (UAS), otherwise known as drones, enhance United States productivity, create high-skilled jobs, and are reshaping the future of aviation. Drones are already transforming industries from logistics and infrastructure inspection to precision agriculture, emergency response, and public safety. Emerging technologies such as electric Vertical Takeoff and Landing (eVTOL) aircraft promise to modernize methods for cargo delivery, passenger transport, and other advanced air mobility capabilities.

The United States must accelerate the safe commercialization of drone technologies and fully integrate UAS into the National Airspace System. The time has come to accelerate testing and to enable routine drone operations, scale up domestic production, and expand the export of trusted, American-manufactured drone technologies to global markets. Building a strong and secure domestic drone sector is vital to reducing reliance on foreign sources, strengthening critical supply chains, and ensuring that the benefits of this technology are delivered to the American people.

Sec. 2. Definitions. For the purposes of this order:

(a) The term "agency" has the meaning given to the term in 44 U.S.C. 3502(1).

(b) The terms "unmanned aircraft system" and "drone" have the meaning given to the term "unmanned aircraft system" in 49 U.S.C. 44801(12).

Sec. 3. Policy. It is the policy of the United States to ensure continued American leadership in the development, commercialization, and export of UAS by:

(a) accelerating the safe integration of UAS into the National Airspace System through timely, risk-based rulemaking that enables routine advanced operations;

(b) advancing the domestic commercialization of UAS technologies at scale, including their safe and secure manufacturing, production, and integration, by supporting industry-led innovation, reducing regulatory uncertainty, and streamlining approvals and certification processes, including for consumer goods delivery and environmental reviews; and

(c) strengthening the domestic drone industrial base and promoting the export of trusted, American-manufactured UAS through updated economic policies and regulation, coordinated trade, financing, and foreign engagement tools.

(*Continued On The Following Page)

NEWSLETTER NOTES

Sec. 4. Expanding Commercial Unmanned Aircraft Systems Operations. (a) Within 30 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the Federal Aviation Administration (FAA), shall issue a proposed rule enabling routine Beyond Visual Line of Sight (BVLOS) operations for UAS for commercial and public safety purposes. A final rule shall be published within 240 days of the date of this order, as appropriate.

(b) Within 30 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the FAA, shall establish clear metrics for assessing the performance and safety of BVLOS operations, and within 180 days of the date of this order, shall identify and describe additional regulatory barriers and challenges to BVLOS implementation, with recommendations to the President through the Director of the Office of Science and Technology Policy (OSTP) for addressing such issues expeditiously and informing future rulemaking or legislative actions.

(c) Within 120 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the FAA, shall initiate the deployment of artificial intelligence (AI) tools to assist in and expedite the review of UAS waiver applications under 14 C.F.R. part 107. These AI tools shall:

(i) support performance- and risk-based evaluation of proposed operations;

(ii) identify materially similar precedents and recommend consistent mitigation measures;

(iii) assist the FAA in identifying categories of operations with sufficient safety data or recurring approval patterns that may warrant further rulemaking to eliminate the need for individualized waivers; and

(iv) be used in accordance with guidance on Federal use of AI as detailed in Office of Management and Budget Memorandum M-25-21.

(d) The Secretary of Transportation, acting through the Administrator of the FAA, shall immediately explore options to ensure that UAS flights beginning and ending in United States airspace, or United States-owned facilities in the high seas, can operate without being subject to the onerous requirements applicable to manned aircraft engaging in international navigation as referenced in the Convention on International Civil Aviation.

Sec. 5. Furthering Unmanned Aircraft Systems Integration into the National Airspace System. (a) Within 240 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the FAA, shall publish an updated roadmap for the integration of civil UAS into the National Airspace System.

(b) The Secretary of Transportation, acting through the Administrator of the FAA, shall ensure all FAA UAS Test Ranges are fully utilized to support the development, testing, and scaling of American drone technologies, with a focus on BVLOS operations, increasingly autonomous operations, advanced air mobility, and other advanced operations. The Secretary shall prioritize the generation of safety and performance data at UAS Test Ranges to inform FAA rulemaking, identify regulatory gaps and operational challenges, and support the integration of emerging UAS capabilities into the National Airspace System.

Sec. 6. Establishment of an Electric Vertical Takeoff and Landing Pilot Program. (a) The Secretary of Transportation, acting through the Administrator of the FAA, and in coordination with the Director of OSTP, shall establish the eVTOL Integration Pilot Program (eIPP) as an extension of the BEYOND program to accelerate the deployment of safe and lawful eVTOL operations in the United States.

(*Continued On The Following Column)

(i) Within 90 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the FAA, shall issue a public request for proposals to State, local, tribal, and territorial governments. Proposals must be submitted within 90 days of the request and include a private sector partner with demonstrated experience in eVTOL aircraft development, manufacturing, and operations.

(ii) Within 180 days of the request, the Secretary of Transportation, acting through the Administrator of the FAA, shall select at least five pilot projects that plan to begin eVTOL operations within 90 days after the date on which any agreement for a pilot project is established. Selection criteria shall include, at a minimum, the use of eVTOL aircraft and technologies developed or offered by a United States-based entity; overall representation of economic and geographic operations and proposed models of public-private partnership; and overall representation of the operations to be conducted, including advanced air mobility, medical response, cargo transport, and rural access.

(iii) The Secretary of Transportation, acting through the Administrator of the FAA, shall execute agreements with selected applicants, outlining project goals, regulatory needs, timelines, information sharing and data exchange mechanisms, and responsibilities. The Secretary of Transportation shall use all available authorities to the fullest extent to support safe and timely operations under the eIPP.

(iv) Within 180 days after the selection of pilot program participants, the Secretary of Transportation shall submit an initial implementation report to the President through the Director of OSTP, summarizing early-stage planning, interagency coordination, and any immediate regulatory or legislative challenges identified. The Secretary of Transportation shall submit an annual report thereafter and, upon program completion, shall submit a final report to the President, through the Director of OSTP, that includes, at a minimum, an evaluation of program goals and outcomes; recommendations for the permanent integration of eVTOL operations into the national airspace; and any proposed future initiatives to maintain United States leadership in eVTOL flight.

(v) The eIPP shall conclude 3 years after the date the first pilot project becomes operational, unless the Secretary of Transportation determines that an extension is warranted in the national interest.

(vi) Before and after the conclusion of the eIPP, the Secretary of Transportation shall use the information and experience yielded by the eIPP to inform the development of regulations, initiatives, and plans to enable safe eVTOL operations, and shall, as appropriate, share information with the Secretary of Defense, the Attorney General, the Secretary of Homeland Security, and the heads of other relevant agencies.

(vii) The Secretary of Transportation, in consultation with the Director of OSTP, may expand this pilot program to other advanced aviation aircraft as warranted.

Sec. 7. Strengthening the American Drone Industrial Base.

(a) All agencies shall prioritize the integration of UAS manufactured in the United States over those made abroad to the maximum extent permitted by law.

(b) In order to protect the integrity of America's drone supply chain and ensure our technology remains secure from undue foreign influence and exploitation, within 30 days of the date of this order, the Federal Acquisition Security Council shall publish a Covered Foreign Entity List, as defined in section 1822(1) of the National Defense Authorization Act for Fiscal Year 2024 (Public Law 118-31), identifying companies that pose supply chain risks.

(c) To ensure that vital components remain under American control and free from national security risks, within 90 days of the date of this order, the Secretary of Commerce shall take actions, including proposing rulemaking and conducting investigations, to secure the United States drone supply chain against foreign control or exploitation.

(*Continued On The Following Page)

Sec. 8. Promoting the Export of American-Made Civil Unmanned Aircraft Systems.
(a) The Secretary of Commerce, in coordination with the Secretary of State, the Secretary of Defense, and the Secretary of Energy, shall review and, as appropriate and consistent with applicable law, amend export control regulations within 90 days of the date of this order to enable the expedited export of United States-manufactured civil UAS to foreign partners, provided such end-users and recipient countries are not identified as foreign adversaries and the export does not pose a risk of diversion to programs of concern, or are otherwise restricted under applicable statutes or regulations.
(b) The Secretary of Commerce shall designate the export of United States-manufactured civil UAS as a priority area within the Department of Commerce's export promotion efforts and shall coordinate interagency initiatives to expand market access, reduce foreign trade barriers, and promote international interoperability.
(c) The Secretary of Defense, the President of the Export-Import Bank of the United States, the Chief Executive Officer of the United States International Development Finance Corporation, and the Director of the Trade and Development Agency shall, to the maximum extent permitted by law, prioritize and support the export of United States-manufactured civil UAS and related systems through the use of, as appropriate:
(i) direct loans and loan guarantees;
(ii) equity investments and co-financing;
(iii) political risk insurance and credit guarantees;
(iv) technical assistance, feasibility studies, and grant mechanisms;
(v) market access facilitation; and
(vi) any other incentive mechanisms authorized by law.
Sec. 9. Delivering Drones to Our Warfighters. (a) The Department of Defense must be able to procure, integrate, and train using low-cost, high-performing drones manufactured in the United States. The Secretary of Defense shall:
(i) ensure all platforms on the Defense Innovation Unit's (DIU) Blue UAS List can, as soon as possible and to the fullest extent practicable, operate on all military installations or ranges without requiring an exception to policy;
(ii) within 90 days of the date of this order, expand DIU's Blue UAS List to include all drones and critical drone components compliant with section 848 of the National Defense Authorization Act for Fiscal Year 2020 ("FY 2020 NDAA") (Public Law 116-92) to the fullest extent practicable;
(iii) update the Blue UAS List on a monthly basis;
(iv) ensure the procurement of drones compliant with section 848 of the FY 2020 NDAA and made by United States companies is prioritized over the procurement of drones made by all other companies to the maximum extent practicable and that exemptions and waivers to section 848 of the FY 2020 NDAA are used only when absolutely necessary to accomplish the mission; and
(v) ensure that compliance with section 848 of the FY 2020 NDAA does not inhibit the rapid adoption of drone technology required to exceed the capabilities of our foreign adversaries.
(b) Within 90 days of the date of this order, the Secretary of Defense shall coordinate with the Secretary of Transportation, acting through the Administrator of the FAA to streamline the approval processes to expand access to airspace for conducting UAS training. Within 90 days of the date of this order, the Secretary of Defense shall, in consultation with the Secretary of Commerce, acting through the Assistant Secretary of Commerce for Communications and Information, and the Federal Communications Commission, submit a report to the President through the Assistant to the President for National Security Affairs (APNSA) describing any unnecessary barriers to accessing electromagnetic spectrum for conducting UAS training.
(*Continued On The Following Column)

(c) Within 90 days of the date of this order, the Secretary of Defense shall task the Secretary of each military department to identify programs that would be more cost efficient or lethal if replaced by UAS and shall submit a report to the President through the APNSA.
Sec. 10. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:
(i) the authority granted by law to an executive department or agency, or the head thereof; or
(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.
(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.
(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.
(d) The costs for publication of this order shall be borne by the Department of Transportation.
DONALD J. TRUMP
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Kavanaugh signals Supreme Court will soon decide constitutionality of banning AR-15s

The Supreme Court on Monday declined to take up a case that involves whether possessing AR-15's is protected by the Second Amendment, but the court's conservatives are signaling they soon will.
Only three justices — Clarence Thomas, Samuel Alito and Neil Gorsuch — voted to hear a challenge to Maryland's ban on possessing AR-15s, barely falling short of the four votes required to take up a case.
But Justice Brett Kavanaugh sent a strong signal that he will provide that crucial fourth vote in a future case once the issue percolates more in the lower courts.
"In my view, this Court should and presumably will address the AR–15 issue soon, in the next Term or two," Kavanaugh wrote in a three-page written statement.
Kavanaugh, President Trump's second appointee to the court, called Maryland's law "questionable." But he stressed the issue is currently being considered by several appeals courts that are weighing other states' bans.
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SENATOR SHAHEEN SPEAKS WITH COMMERCE SEC. LUTNICK on STEEL

June 4, 2025
https://www.youtube.com/watch?v=7XfaIBeUz9Q

Statement from U.S. Secretary of Commerce Howard Lutnick on Transforming the U.S. AI Safety Institute into the Pro-Innovation, Pro-Science U.S. Center for AI Standards and Innovation

Under the direction of President Trump, Secretary of Commerce Howard Lutnick announced his plans to reform the agency formerly known as the U.S. AI Safety Institute into the Center for AI Standards and Innovation (CAISI).

AI holds great potential for transformational advances that will enhance U.S. economic and national security. This change will ensure Commerce uses its vast scientific and industrial expertise to evaluate and understand the capabilities of these rapidly developing systems and identify vulnerabilities and threats within systems developed in the U.S. and abroad.

"For far too long, censorship and regulations have been used under the guise of national security. Innovators will no longer be limited by these standards. CAISI will evaluate and enhance U.S. innovation of these rapidly developing commercial AI systems while ensuring they remain secure to our national security standards," said Secretary of Commerce Howard Lutnick.

CAISI will serve as industry's primary point of contact within the U.S. Government to facilitate testing and collaborative research related to harnessing and securing the potential of commercial AI systems. To that end, CAISI will:

- Work with NIST organizations to develop guidelines and best practices to measure and improve the security of AI systems, and work with the NIST Information Technology Laboratory and other NIST organizations to assist industry to develop voluntary standards.
- Establish voluntary agreements with private sector AI developers and evaluators, and lead unclassified evaluations of AI capabilities that may pose risks to national security. In conducting these evaluations, CAISI will focus on demonstrable risks, such as cybersecurity, biosecurity, and chemical weapons.
- Lead evaluations and assessments of capabilities of U.S. and adversary AI systems, the adoption of foreign AI systems, and the state of international AI competition.
- Lead evaluations and assessments of potential security vulnerabilities and malign foreign influence arising from use of adversaries' AI systems, including the possibility of backdoors and other covert, malicious behavior.
- Coordinate with other federal agencies and entities, including the Department of Defense, the Department of Energy, the Department of Homeland Security, the Office of Science and Technology Policy, and the Intelligence Community, to develop evaluation methods, as well as conduct evaluations and assessments.
- Represent U.S. interests internationally to guard against burdensome and unnecessary regulation of American technologies by foreign governments and collaborate with the NIST Information Technology Laboratory to ensure US dominance of international AI standards.

CAISI will continue to operate within NIST and regularly collaborate and coordinate with other organizations within NIST, including the Information Technology Laboratory, as well as other bureaus within the Department of Commerce, including BIS. ***(*Continued On The Following Column)***

Imposing Sanctions in Response to the ICC's Illegitimate Actions Targeting the United States and Israel

Fact Sheet - Office of the Spokesperson - June 5, 2025

Today, the United States is sanctioning four individuals, currently serving as judges of the International Criminal Court (ICC). We do not take this step lightly. It reflects the seriousness of the threat we face from the ICC's politicization and abuse of power. The Department of State's designations are made pursuant to Executive Order (E.O.) 14203, which authorizes sanctions on foreign persons engaged in certain efforts by the ICC and aims to impose tangible and significant consequences on those directly engaged in the ICC's transgressions against the United States and Israel.

The Department is designating the following individuals pursuant to section 1(a)(ii)(A) of E.O. 14203, for having directly engaged in any effort by the ICC to investigate, arrest, detain, or prosecute a protected person without consent of that person's country of nationality:

- **SOLOMY BALUNGI BOSSA**, Judge, Appeals Division, International Criminal Court
- **LUZ DEL CARMEN IBANEZ CARRANZA**, Judge, Appeals Division, International Criminal Court
- **REINE ADELAIDE SOPHIE ALAPINI GANSOU**, Judge, Pre-Trial and Trial Division, International Criminal Court
- **BETI HOHLER**, Judge, Pre-Trial and Trial Division, International Criminal Court

Bossa and Ibanez Carranza ruled to authorize the ICC's investigation against U.S. personnel in Afghanistan. Alapini Gansou and Hohler ruled to authorize the ICC's issuance of arrest warrants targeting Israeli Prime Minister Benjamin Netanyahu and former Minister of Defense Yoav Gallant.

Sanctions Implications

As a result of today's sanctions-related actions, all property and interests in property of the sanctioned persons described above that are in the United States or in possession or control of U.S. persons are blocked and must be reported to the Department of the Treasury's Office of Foreign Assets Control (OFAC). Additionally, all individuals or entities that are owned, either directly or indirectly, individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked.

All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons are prohibited unless authorized by a general or specific license issued by OFAC or exempt. These prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person and the receipt of any contribution or provision of funds, goods, or services from any such person.

Petitions for removal from the SDN List may be sent to: **OFAC.Reconsideration@treasury.gov**. Petitioners may also refer to the Department of State's Delisting Guidance page.

Two Foreign Nationals Indicted for Plot to Silence U.S. Dissident and Smuggle U.S. Military Technology to China

Defendants Charged in Los Angeles and Milwaukee with Interstate Stalking, Arms Export Violations, and Smuggling

Federal grand juries in Milwaukee and Los Angeles each returned indictments charging two foreign nationals, Cui Guanghai, 43, of China, and John Miller, 63, of the United Kingdom and a U.S. lawful permanent resident, with interstate stalking and conspiracy to commit interstate stalking (Los Angeles) and conspiracy, smuggling, and violations of the Arms Export Control Act (Milwaukee).

"As alleged, the defendants targeted a U.S. resident for exercising his constitutional right to free speech and conspired to traffic sensitive American military technology to the Chinese regime," said Deputy Attorney General Todd Blanche. "This is a blatant assault on both our national security and our democratic values. This Justice Department will not tolerate foreign repression on U.S. soil, nor will we allow hostile nations to infiltrate or exploit our defense systems. We will act decisively to expose and dismantle these threats wherever they emerge."

"The defendants allegedly plotted to harass and interfere with an individual who criticized the actions of the People's Republic of China while exercising their constitutionally protected free speech rights within the United States of America," said FBI Deputy Director Dan Bongino. "The same individuals also are charged with trying to obtain and export sensitive U.S. military technology to China. I want to commend the good work of the FBI and our partners in the U.S and overseas in putting a stop to these illegal activities."

Allegations in the Central District of California

According to court documents, beginning in October 2023, Cui and Miller enlisted two individuals (Individual 1 and Individual 2) inside the United States to carry out a plot to prevent the Victim from protesting President Xi's appearance at the Asia Pacific Economic Cooperation (APEC) summit in November 2023. The victim had previously made public statements in opposition to the policies and actions of the PRC government and President Xi.

"The indictment alleges that Chinese foreign actors targeted a victim in our nation because he criticized the Chinese government and its president," said U.S. Attorney Bill Essayli for the Central District of California. "My office will continue to use all legal methods available to hold accountable foreign nationals engaging in criminal activity on our soil."

Unbeknownst to Cui and Miller, Individual 1 and Individual 2 were affiliated with and acting at the direction of the FBI.

In the weeks leading up to the APEC summit, Cui and Miller directed and coordinated an interstate scheme to surveil the victim, to install a tracking device on the victim's car, to slash the tires on the victim's car, and to purchase and destroy a pair of artistic statues created by the victim depicting President Xi and President Xi's wife.

(*Continued On The Following Column)

A similar scheme took place in the spring of 2025, after the victim announced that he planned to make public an online video feed depicting two new artistic statues of President Xi and his wife. In connection with these plots, Cui and Miller paid two other individuals (Individual 3 and Individual 4), approximately $36,500 to convince the victim to desist from the online display of the statues. Unbeknownst to Cui and Miller, Individual 3 and Individual 4 were also affiliated with and acting at the direction of the FBI.

Allegations in the Eastern District of Wisconsin

According to court documents, beginning in November 2023, Miller and Cui solicited the procurement of U.S. defense articles, including missiles, air defense radar, drones, and cryptographic devices with associated crypto ignition keys for unlawful export from the United States to the People's Republic of China from two individuals (Individual 5 and Individual 6).

In connection with the scheme, Cui and Miller discussed with Individuals 5 and 6 ways to export a cryptographic device from the United States to the People's Republic of China, including concealing the device in a blender, small electronics, or motor starter, and shipping the device first to Hong Kong. Cui and Miller paid approximately $10,000 as a deposit for the cryptographic device via a courier in the United States and a wire transfer to a U.S. bank account.

If convicted, Cui and Miller face the following maximum penalties: five years in prison for conspiracy; five years in prison for interstate stalking; 20 years in prison for violation of the Arms Export Control Act; and 10 years in prison for smuggling.

The FBI is investigating the case. The United States is coordinating with Serbian authorities regarding the pending extraditions of Cui and Miller from Serbia.

Assistant U.S. Attorneys David Ryan and Amanda B. Elbogen for the Central District of California, Benjamin Taibleson for the Eastern District of Wisconsin, and Trial Attorneys Leslie Esbrook and Menno Goedman of the National Security Division's Counterintelligence and Export Control Section are prosecuting the cases, with valuable assistance provided by the Justice Department's Office of International Affairs.

An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law. Updated May 30, 2025

TU Delft and Brown University researchers have engineered scalable lightsails, ultra-thin reflectors propelled by laser radiation pressure for high-speed travel. Lightsails represent a unique approach to nanotechnology, focusing on extreme thinness at a nanoscale level (1/1000th the thickness of a human hair) while simultaneously achieving large-scale sheet dimensions. Ultra-thin lightsails with billions of tiny holes to enable high-speed space travel. The 200 nanometer-thin prototype is a 60mm by 60mm square with billions of tiny holes.

Updated: Mar 25, 2025 08:19 AM ESTThe 200 nanometer-thin prototype is a 60mm by 60mm square with billions of tiny holes. If scaled, this lightsail would be incredibly large (equivalent to seven football fields) while remaining extremely thin (just one millimeter). What makes this lightsail special is the simultaneous combination of large-scale and nanoscale precision, making it both lightweight and highly reflective.

They utilized a neural topology optimization technique to generate optimal structural designs for the sails.

Moreover, a novel gas-based etching process was created to selectively remove material beneath the sail structure, leaving behind only the desired ultra-thin membrane.

“We have developed a new gas-based etch that allows us to delicately remove the material under the sails, leaving only the sail. If the sails break, it’s most likely during manufacturing. Once the sails are suspended, they are actually quite robust. These techniques have been uniquely developed at TU Delft,” added Norte.

These newly developed lightsails are designed to harness the power of laser-driven radiation pressure to achieve incredibly high speeds. This method of propulsion offers the potential for faster space travel compared to standard chemical rockets.

To illustrate this potential, the researchers suggest that probes equipped with these lightsails could, in principle, reach Mars in a timeframe comparable to the delivery time of international mail. Moreover, current rocket technology would take 10,000 years to reach the nearest star, but the lightsail tech could drastically reduce that to 20 years.

Although interstellar travel with lightsails is a future aspiration, current research shows they can be propelled over tiny picometer distances.

Norte’s team is now working on experiments to demonstrate movement over centimeter distances against Earth’s gravity.

LEADING THE WORLD IN SUPERSONIC FLIGHT

Executive Orders June 6, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. The United States stands at the threshold of a bold new chapter in aerospace innovation. For more than 50 years, outdated and overly restrictive regulations have grounded the promise of supersonic flight over land, stifling American ingenuity, weakening our global competitiveness, and ceding leadership to foreign adversaries. Advances in aerospace engineering, materials science, and noise reduction now make supersonic flight not just possible, but safe, sustainable, and commercially viable. This order begins a historic national effort to reestablish the United States as the undisputed leader in high-speed aviation. By updating obsolete standards and embracing the technologies of today and tomorrow, we will empower our engineers, entrepreneurs, and visionaries to deliver the next generation of air travel, which will be faster, quieter, safer, and more efficient than ever before.

Sec. 2. Regulatory Reform for Supersonic Flight. (a) The Administrator of the Federal Aviation Administration (FAA) shall take the necessary steps, including through rulemaking, to repeal the prohibition on overland supersonic flight in 14 CFR 91.817 within 180 days of the date of this order and establish an interim noise-based certification standard, making any modifications to 14 CFR 91.818 as necessary, as consistent with applicable law. The Administrator of the FAA shall also take immediate steps to repeal 14 CFR 91.819 and 91.821, which will remove additional regulatory barriers that hinder the advancement of supersonic aviation technology in the United States.

(b) Within 18 months of the date of this order, the Administrator of the FAA shall issue a Notice of Proposed Rulemaking (NPRM) to establish a standard for supersonic aircraft noise certification under 14 CFR Part 36 and amend 14 CFR 91.817. The proposed rule shall define acceptable noise thresholds for takeoff, landing, and en-route supersonic operation based on operational testing and research, development, testing, and evaluation (RDT&E) data as identified in subsection 3(a) of this order, and considering community acceptability, economic reasonableness, and technological feasibility. The proposed rule shall further specify a process for periodic review and update of the rule to reflect future advances in aircraft noise reduction technology. Any final rule in connection with the NPRM shall be issued within 24 months of the date of this order.

Sec. 3. Advancing Supersonic Research and Development. (a) The Director of the Office of Science and Technology Policy (OSTP) shall, in consultation with the heads of relevant executive departments and agencies (agencies), including the Secretary of Defense, the Secretary of Commerce, the Secretary of Transportation, and the Administrator of the National Aeronautics and Space Administration, coordinate supersonic research and development through the National Science and Technology Council, with the goal of:

(i) identifying RDT&E needs for regulatory development, commercial viability, and operational integration of supersonic aircraft into the National Airspace System;

(ii) coordinating federally funded RDT&E and industry-led testing of supersonic technologies at Federal test sites; and

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(iii) collecting and sharing the results of such RDT&E in a manner suitable for informing domestic regulatory development and international science and technology engagement on civil supersonic matters.
(b) The Director of OSTP shall provide the results of the coordinated efforts in subsection (a) of this section to the Administrator of the FAA to inform the development of future procedures, regulations, and policies, including those related to the certification of civil supersonic aircraft and noise and environmental standards called for in this section 3.
Sec. 4. Promoting International Engagement on Civil Supersonic Flight Regulations. (a) The Secretary of Transportation, acting through the Administrator of the FAA, and in consultation with the Director of OSTP and the heads of other agencies as considered appropriate by the Director of OSTP, shall engage the International Civil Aviation Organization and key foreign partners to seek global alignment regarding supersonic regulatory approaches.
(b) The Administrator of the FAA, under the supervision of the Secretary of Transportation and in coordination with the Secretary of State, shall seek to secure bilateral aviation safety agreements with foreign aviation authorities as necessary for the safe international operation of supersonic aircraft.
Sec. 5. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:
(i) the authority granted by law to an executive department or agency, or the head thereof; or
(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.
(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.
(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.
(d) The costs for publication of this order shall be borne by the Federal Aviation Administration.
DONALD J. TRUMP
THE WHITE HOUSE,
June 6, 2025
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UNLEASHING AMERICAN DRONE DOMINANCE

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Sec. 4. Expanding Commercial Unmanned Aircraft Systems Operations. (a) Within 30 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the Federal Aviation Administration (FAA), shall issue a proposed rule enabling routine Beyond Visual Line of Sight (BVLOS) operations for UAS for commercial and public safety purposes. A final rule shall be published within 240 days of the date of this order, as appropriate.
(b) Within 30 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the FAA, shall establish clear metrics for assessing the performance and safety of BVLOS operations, and within 180 days of the date of this order, shall identify and describe additional regulatory barriers and challenges to BVLOS implementation, with recommendations to the President through the Director of the Office of Science and Technology Policy (OSTP) for addressing such issues expeditiously and informing future rulemaking or legislative actions.
(c) Within 120 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the FAA, shall initiate the deployment of artificial intelligence (AI) tools to assist in and expedite the review of UAS waiver applications under 14 C.F.R. part 107. These AI tools shall:
(i) support performance- and risk-based evaluation of proposed operations;
(ii) identify materially similar precedents and recommend consistent mitigation measures;
(iii) assist the FAA in identifying categories of operations with sufficient safety data or recurring approval patterns that may warrant further rulemaking to eliminate the need for individualized waivers; and
(iv) be used in accordance with guidance on Federal use of AI as detailed in Office of Management and Budget Memorandum M-25-21.
(d) The Secretary of Transportation, acting through the Administrator of the FAA, shall immediately explore options to ensure that UAS flights beginning and ending in United States airspace, or United States-owned facilities in the high seas, can operate without being subject to the onerous requirements applicable to manned aircraft engaging in international navigation as referenced in the Convention on International Civil Aviation.

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Sec. 5. Furthering Unmanned Aircraft Systems Integration into the National Airspace System. (a) Within 240 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the FAA, shall publish an updated roadmap for the integration of civil UAS into the National Airspace System.

(b) The Secretary of Transportation, acting through the Administrator of the FAA, shall ensure all FAA UAS Test Ranges are fully utilized to support the development, testing, and scaling of American drone technologies, with a focus on BVLOS operations, increasingly autonomous operations, advanced air mobility, and other advanced operations. The Secretary shall prioritize the generation of safety and performance data at UAS Test Ranges to inform FAA rulemaking, identify regulatory gaps and operational challenges, and support the integration of emerging UAS capabilities into the National Airspace System.

Sec. 6. Establishment of an Electric Vertical Takeoff and Landing Pilot Program. (a) The Secretary of Transportation, acting through the Administrator of the FAA, and in coordination with the Director of OSTP, shall establish the eVTOL Integration Pilot Program (eIPP) as an extension of the BEYOND program to accelerate the deployment of safe and lawful eVTOL operations in the United States.

(i) Within 90 days of the date of this order, the Secretary of Transportation, acting through the Administrator of the FAA, shall issue a public request for proposals to State, local, tribal, and territorial governments. Proposals must be submitted within 90 days of the request and include a private sector partner with demonstrated experience in eVTOL aircraft development, manufacturing, and operations.

(ii) Within 180 days of the request, the Secretary of Transportation, acting through the Administrator of the FAA, shall select at least five pilot projects that plan to begin eVTOL operations within 90 days after the date on which any agreement for a pilot project is established. Selection criteria shall include, at a minimum, the use of eVTOL aircraft and technologies developed or offered by a United States-based entity; overall representation of economic and geographic operations and proposed models of public-private partnership; and overall representation of the operations to be conducted, including advanced air mobility, medical response, cargo transport, and rural access.

(iii) The Secretary of Transportation, acting through the Administrator of the FAA, shall execute agreements with selected applicants, outlining project goals, regulatory needs, timelines, information sharing and data exchange mechanisms, and responsibilities. The Secretary of Transportation shall use all available authorities to the fullest extent to support safe and timely operations under the eIPP.

(iv) Within 180 days after the selection of pilot program participants, the Secretary of Transportation shall submit an initial implementation report to the President through the Director of OSTP, summarizing early-stage planning, interagency coordination, and any immediate regulatory or legislative challenges identified. The Secretary of Transportation shall submit an annual report thereafter and, upon program completion, shall submit a final report to the President, through the Director of OSTP, that includes, at a minimum, an evaluation of program goals and outcomes; recommendations for the permanent integration of eVTOL operations into the national airspace; and any proposed future initiatives to maintain United States leadership in eVTOL flight.

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(v) The eIPP shall conclude 3 years after the date the first pilot project becomes operational, unless the Secretary of Transportation determines that an extension is warranted in the national interest.

(vi) Before and after the conclusion of the eIPP, the Secretary of Transportation shall use the information and experience yielded by the eIPP to inform the development of regulations, initiatives, and plans to enable safe eVTOL operations, and shall, as appropriate, share information with the Secretary of Defense, the Attorney General, the Secretary of Homeland Security, and the heads of other relevant agencies.

(vii) The Secretary of Transportation, in consultation with the Director of OSTP, may expand this pilot program to other advanced aviation aircraft as warranted.

Sec. 7. Strengthening the American Drone Industrial Base.

(a) All agencies shall prioritize the integration of UAS manufactured in the United States over those made abroad to the maximum extent permitted by law.

(b) In order to protect the integrity of America's drone supply chain and ensure our technology remains secure from undue foreign influence and exploitation, within 30 days of the date of this order, the Federal Acquisition Security Council shall publish a Covered Foreign Entity List, as defined in section 1822(1) of the National Defense Authorization Act for Fiscal Year 2024 (Public Law 118-31), identifying companies that pose supply chain risks.

(c) To ensure that vital components remain under American control and free from national security risks, within 90 days of the date of this order, the Secretary of Commerce shall take actions, including proposing rulemaking and conducting investigations, to secure the United States drone supply chain against foreign control or exploitation.

Sec. 8. Promoting the Export of American-Made Civil Unmanned Aircraft Systems.

(a) The Secretary of Commerce, in coordination with the Secretary of State, the Secretary of Defense, and the Secretary of Energy, shall review and, as appropriate and consistent with applicable law, amend export control regulations within 90 days of the date of this order to enable the expedited export of United States-manufactured civil UAS to foreign partners, provided such end-users and recipient countries are not identified as foreign adversaries and the export does not pose a risk of diversion to programs of concern, or are otherwise restricted under applicable statutes or regulations.

(b) The Secretary of Commerce shall designate the export of United States-manufactured civil UAS as a priority area within the Department of Commerce's export promotion efforts and shall coordinate interagency initiatives to expand market access, reduce foreign trade barriers, and promote international interoperability.

(c) The Secretary of Defense, the President of the Export-Import Bank of the United States, the Chief Executive Officer of the United States International Development Finance Corporation, and the Director of the Trade and Development Agency shall, to the maximum extent permitted by law, prioritize and support the export of United States-manufactured civil UAS and related systems through the use of, as appropriate:

(i) direct loans and loan guarantees;
(ii) equity investments and co-financing;
(iii) political risk insurance and credit guarantees;
(iv) technical assistance, feasibility studies, and grant mechanisms;
(v) market access facilitation; and
(vi) any other incentive mechanisms authorized by law.

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Sec. 9. Delivering Drones to Our Warfighters. (a) The Department of Defense must be able to procure, integrate, and train using low-cost, high-performing drones manufactured in the United States. The Secretary of Defense shall:
(i) ensure all platforms on the Defense Innovation Unit's (DIU) Blue UAS List can, as soon as possible and to the fullest extent practicable, operate on all military installations or ranges without requiring an exception to policy;
(ii) within 90 days of the date of this order, expand DIU's Blue UAS List to include all drones and critical drone components compliant with section 848 of the National Defense Authorization Act for Fiscal Year 2020 ("FY 2020 NDAA") (Public Law 116-92) to the fullest extent practicable;
(iii) update the Blue UAS List on a monthly basis;
(iv) ensure the procurement of drones compliant with section 848 of the FY 2020 NDAA and made by United States companies is prioritized over the procurement of drones made by all other companies to the maximum extent practicable and that exemptions and waivers to section 848 of the FY 2020 NDAA are used only when absolutely necessary to accomplish the mission; and
(v) ensure that compliance with section 848 of the FY 2020 NDAA does not inhibit the rapid adoption of drone technology required to exceed the capabilities of our foreign adversaries.
(b) Within 90 days of the date of this order, the Secretary of Defense shall coordinate with the Secretary of Transportation, acting through the Administrator of the FAA to streamline the approval processes to expand access to airspace for conducting UAS training. Within 90 days of the date of this order, the Secretary of Defense shall, in consultation with the Secretary of Commerce, acting through the Assistant Secretary of Commerce for Communications and Information, and the Federal Communications Commission, submit a report to the President through the Assistant to the President for National Security Affairs (APNSA) describing any unnecessary barriers to accessing electromagnetic spectrum for conducting UAS training.
(c) Within 90 days of the date of this order, the Secretary of Defense shall task the Secretary of each military department to identify programs that would be more cost efficient or lethal if replaced by UAS and shall submit a report to the President through the APNSA.

Sec. 10. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:
(i) the authority granted by law to an executive department or agency, or the head thereof; or
(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.
(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.
(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.
(d) The costs for publication of this order shall be borne by the Department of Transportation.
DONALD J. TRUMP
THE WHITE HOUSE,
June 6, 2025.

Fact Sheet: President Donald J. Trump Unleashes American Drone Dominance

UNLEASHING AMERICAN DRONE DOMINANCE: Today, President Donald J. Trump signed an Executive Order to ensure continued American leadership in the development, commercialization, and export of unmanned aircraft systems (UAS)—otherwise known as drones.

- The Order directs the Administrator of the Federal Aviation Administration (FAA) to expand drone operations by enabling routine "Beyond Visual Line of Sight" drone operations for commercial and public safety missions, and to accelerate the development, testing, and scaling of American drone technologies, including advanced air mobility and autonomous operations.
- The Order establishes an electric "Vertical Takeoff and Landing" integration pilot program to accelerate the deployment of safe and lawful vertical operations in the United States, selecting at least five pilot projects to advance applications like cargo transport and medical response.
- It directs the FAA Administrator to deploy artificial intelligence (AI) tools to streamline and expedite UAS waiver reviews.
- The Order directs the FAA Administrator to publish an updated roadmap for the integration of civil UAS into the National Airspace System.
- It strengthens the domestic drone industrial base by prioritizing U.S.-manufactured UAS, promoting their export and taking action to ensure our technology remains secure from undue foreign influence and exploitation.
- It enhances global competitiveness by streamlining regulations, expanding market access, and utilizing federal financing tools.
- The Order supports the warfighter by expanding access to U.S.-manufactured high-performing drones while streamlining airspace and spectrum access.

DRIVING INNOVATION AND ECONOMIC GROWTH: President Trump is harnessing the potential of drones to boost American productivity and global leadership.

- Drones enhance U.S. productivity, create high-skilled jobs, and are reshaping the future of aviation in areas such as logistics, infrastructure inspection, precision agriculture, emergency response, and public safety.
- Emerging technologies, such as vertical takeoff and landing aircraft, promise to modernize methods for cargo delivery, passenger transport, and other advanced air mobility capabilities.
- For too long, unfair foreign competition has posed a national security risk, disincentivizing our drone industrial base. This order is removing regulatory barriers and directing federal agencies to prioritize U.S.-manufactured drones, secure our supply chains, and promote American leadership in production, certification, and export.

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ADVANCING DRONE TECHNOLOGIES: President Trump is advancing drone technologies for economic, security, and public safety benefits.

In his first term, President Trump signed a Presidential Memorandum to speed up commercial drone integration, launching a UAS Integration Pilot Program to test innovative applications with State, local, and tribal partners.
President Trump has deployed UAS to patrol the southern border, strengthening national security through advanced surveillance and monitoring capabilities.
President Trump has advanced cutting-edge drone technologies through smart, targeted regulation, unlocking economic growth while strengthening safety, security, and innovation.
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EXPORTS TO SYRIA ARE ALLOWED UNDER THE EAR. ALL ITEMS ON THE COMMERCE CONTROL LIST ARE LICENSABLE.

SOME LICENSE EXCEPTIONS ARE AVAILABLE. (See more information below) § 746.9 Syria

Sections 5(a)(1) and 5(a)(2)(A) of the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 (Pub. L. 108-175, codified as a note to 22 U.S.C. 2151) (the SAA) require a prohibition on the export to Syria of all items on the Commerce Control List (in 15 CFR part 774) (CCL) and a prohibition on the export to Syria of products of the United States, other than food and medicine. The President also exercised national security waiver authority pursuant to Section 5(b) of the SAA for certain transactions. The provisions in this section were issued consistent with Executive Order 13338 of May 11, 2004 which implemented the SAA.

(a) *License requirements.* A license is required for the export or reexport to Syria of all items subject to the EAR, except food and medicine classified as EAR99 (food and medicine are defined in part 772 of the EAR). A license is required for the deemed export and deemed reexport, as described in §§ 734.13(b) and 734.14(b) of the EAR, respectively, of any technology or source code on the Commerce Control List (CCL) to a Syrian foreign national. Deemed exports and deemed reexports to Syrian foreign nationals involving technology or source code subject to the EAR but not listed on the CCL do not require a license.

(b) *License Exceptions.* No License Exceptions to the license requirements set forth in paragraph (a) of this section are available for exports or reexports to Syria, except the following:

(1) TMP for items for use by the news media as set forth in § 740.9(a)(9) of the EAR, (2) GOV for items for personal or official use by personnel and agencies of the U.S. Government as set forth in § 740.11(b)(2) of the EAR, (3) TSU for operation technology and software, sales technology, and software updates pursuant to the terms of § 740.13(a), (b), or (c) of the EAR, (4) BAG for exports of personally-owned items by individuals leaving the United States as personal baggage pursuant to the terms of § 740.14(a) through (d), only, of the EAR, and (5) AVS for the temporary sojourn of civil aircraft reexported to Syria pursuant to the terms of § 740.15(a)(4) of the EAR.

(c) *Licensing policy.* (1) Except as described in this paragraph (c), all license applications for export or reexport to Syria are subject to a general policy of denial. License applications for "deemed exports" and "deemed reexports" of technology and source code will be reviewed on a case-by-case basis. BIS may consider, on a case-by-case basis, license applications for exports and reexports of items necessary to carry out the President's constitutional authority to conduct U.S. foreign affairs and as Commander-in-Chief, including exports and reexports of items necessary for the performance of official functions by the United States Government personnel abroad.

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(2) BIS may also consider the following license applications on a case-by-case basis: items in support of activities, diplomatic or otherwise, of the United States Government (to the extent that regulation of such exportation or reexportation would not fall within the President's constitutional authority to conduct the nation's foreign affairs); medicine (on the CCL) and medical devices (both as defined in part 772 of the EAR); parts and components intended to ensure the safety of civil aviation and the safe operation of commercial passenger aircraft; aircraft chartered by the Syrian Government for the transport of Syrian Government officials on official Syrian Government business; telecommunications equipment and associated computers, software and technology; items in support of United Nations operations in Syria; and items necessary for the support of the Syrian people, including, but not limited to, items related to water supply and sanitation, agricultural production and food processing, power generation, oil and gas production, construction and engineering, transportation, and educational infrastructure. The total dollar value of each approved license for aircraft parts for flight safety normally will be limited to no more than $2 million over the 24-month standard license term, except in the case of complete overhauls.

(3) In addition, consistent with part 734 of the EAR, the following are not subject to the EAR and therefore not subject to this General Order: informational materials in the form of books and other media; publicly available software and technology; and technology exported in the form of a patent application or an amendment, modification, or supplement thereto or a division thereof (see 15 CFR 734.3(b)(1)(v), (b)(2) and (b)(3)).

Note to § 746.9:

For administrative reasons, BIS continues to maintain provisions in General Order No. 2, supplement no. 1 to part 736 of the EAR relating to the President's waiver of certain prohibitions. This section contains all of the substantive controls against Syria, including the waiver-related provisions maintained in General Order No. 2.

[76 FR 77117, Dec. 12, 2011, as amended at 78 FR 43973, July 23, 2013; 79 FR 32625, June 5, 2014; 82 FR 61157, Dec. 27, 2017]
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U.S. DEPARTMENT OF THE TREASURY OFFICE OF FOREIGN ASSETS CONTROL Enforcement Release: June 12, 2025

OFAC Imposes $215,988,868 Penalty on GVA Capital Ltd. for Violating Ukraine/Russia-Related Sanctions and Reporting Obligations

The Office of Foreign Assets Control (OFAC) has issued a Penalty Notice imposing a $215,988,868 penalty on GVA Capital Ltd., a venture capital firm based in San Francisco, California, for violating OFAC's Ukraine-/Russia-related sanctions and for failing to comply with an OFAC subpoena. Between April 2018 and May 2021, GVA Capital knowingly managed an investment for sanctioned Russian oligarch Suleiman Kerimov while aware of his blocked status. In 2016, GVA Capital officials met with Kerimov at his estate in France to secure his personal approval for the investments. In April 2018, OFAC sanctioned Kerimov. GVA Capital nonetheless continued managing these investments by working through Kerimov's nephew, Nariman Gadzhiev, who GVA Capital knew served as Kerimov's proxy.

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By issuing this Penalty Notice, OFAC is imposing on GVA Capital the statutory maximum civil monetary penalty. This Penalty Notice follows OFAC's 2022 issuance of a Notification of Blocked Property to Heritage Trust, a Delaware-based vehicle then-valued at over $1 billion and in which Kerimov held an interest. This enforcement action underscores the importance of gatekeepers in preventing sanctions evasion and highlights the risks of facilitating such efforts.

Description of the Violations

Ukraine/Russia Sanctions Violations

In April 2021, OFAC learned of an upcoming transfer of shares in a U.S. company that was allegedly for the benefit of a blocked person. An investigation by OFAC revealed that these shares were ultimately owned by Heritage Trust, a trust formed in Delaware in July 2017 to hold and maintain the U.S. assets of Suleiman Kerimov, a Russian oligarch whom OFAC designated in 2018 for being an official of the Government of the Russian Federation. OFAC's investigation also revealed that Kerimov retained an interest in the trust, even after his designation on April 6, 2018.

Accordingly, on June 23, 2022, OFAC issued a Notification of Blocked Property directed at Heritage Trust, which at the time held approximately $1.3 billion in assets. This action prevented the imminent liquidation and flight of the entirety of Heritage Trust's assets out of the United States.

OFAC also opened an investigation into GVA Capital, the venture capital firm managing the shares, to assess GVA Capital's relationship with Kerimov. OFAC determined that, in its dealings with Kerimov, GVA Capital violated U.S. sanctions against Russia. Moreover, in the course of OFAC's investigation, GVA Capital further violated OFAC's regulations by failing to fully and timely respond to an OFAC subpoena.

During the course of its investigation, OFAC developed the below factual findings with respect to:
(1) the way in which GVA Capital obtained funds from Kerimov for the purpose of investing in the United States; (2) the effect of OFAC's designation of Kerimov on the shares of the U.S. company as of April 6, 2018; and (3) GVA Capital's continued management of these shares after Kerimov's designation, and, consequently, GVA Capital's dealing in the blocked property of, and provision of services to, Kerimov related to these shares between 2018-2021. GVA Capital Solicited and Secured Kerimov Funds

GVA Capital is an early-stage venture capital firm founded in 2016. GVA Capital's investment portfolio focuses on areas such as artificial intelligence, financial technology, robotics, and autonomous vehicle technology. GVA Capital is registered in the Cayman Islands and located in San Francisco, California.

GVA Capital learned of the opportunity to invest in the U.S. company in 2016. In the course of soliciting funds for that investment, GVA Capital approached Kerimov—with whom one of GVA Capital's founders maintained a personal relationship—to gauge Kerimov's interest in investing in the U.S. company.

On at least two separate occasions, GVA Capital's senior management traveled to meet Kerimov in person at his estate in France to discuss this investment opportunity. The first trip occurred around June 2016, when GVA Capital senior management and Kerimov had preliminary discussions regarding the investment and other opportunities, agreeing to follow up at a later date. ***(*Continued On The Following Column)***

Subsequently, around August 2016, GVA Capital senior management again traveled to Kerimov's estate in France, including via Kerimov's private aircraft, to discuss the opportunity in further detail. They met with Kerimov over the course of several days, showing him a series of the U.S. company's prototypes and explanatory materials to secure his investment. Kerimov agreed to invest in the U.S. company at or shortly after these meetings. After that point, GVA Capital was told to speak to Nariman Gadzhiev, Kerimov's nephew and primary financial facilitator,1 in future conversations regarding effectuation of the investment.

GVA Capital Communicated with Kerimov via Kerimov's Nephew GVA Capital and Gadzhiev communicated in August and September 2016 to implement Kerimov's decision to invest in the U.S. company. These communications included negotiations regarding the exact amount that Kerimov would invest. GVA Capital officials continued to understand throughout this period that Gadzhiev spoke for Kerimov in investment-related matters. In this capacity, Gadzhiev relayed guidance and requested information on behalf of "the Investor," which GVA Capital understood to be a reference to Kerimov. GVA Capital maintained this understanding of Gadzhiev's role in this process from 2016 until at least 2023—well after OFAC designated

1 OFAC added Gadzhiev to the SDN List on November 14, 2022 for having acted or purported to act for or on behalf of Kerimov. See U.S. Department of the Treasury, "Treasury Sanctions Global Russian Military Supply Chain, Kremlin-linked Networks, and Elites with Western Fortunes" (November 14, 2022).

Kerimov in 2018. Indeed, in a 2023 federal court filing related to this investment, GVA Capital represented that Gadzhiev was "installed" by Kerimov in a directorial role to manage the investment in the U.S. company and repeatedly referenced direction regarding the investment coming from both Kerimov and Gadzhiev.

In September 2016, GVA Capital and Gadzhiev, acting on Kerimov's behalf, ultimately agreed that Kerimov would invest $20,000,000 in the U.S. company. Following that agreement, Prosperity Investments, L.P.—a Guernsey-based entity in which Kerimov retained an interest at all relevant times—entered into a subscription agreement with GVA Auto LLC, a Delaware-based special purpose vehicle established by GVA Capital to make, hold, and dispose of direct or indirect investments in the U.S. company. GVA Auto issued a capital call for $20,000,000 to Prosperity on that same day, and Prosperity transferred this amount to GVA Auto's account at a U.S. financial institution on September 13, 2016.

Kerimov's Designation in 2018 On April 6, 2018, OFAC sanctioned Kerimov for being an official of the Government of the Russian Federation and added him to the List of Specially Designated Nationals and Blocked Persons ("the SDN List")2. As a result of this action, Kerimov's property or interests in property in the United States or in the possession or control of any U.S. person became blocked, and could not be transferred, paid, exported, withdrawn, or otherwise dealt in without authorization from OFAC. Additionally, as a result of this action, all transactions by U.S. persons or within (or transiting) the United States that involve Kerimov's property or interests in property are prohibited unless exempt or authorized by OFAC. These prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of Kerimov, and the receipt of any contribution or provision of funds, goods, or services from Kerimov. These prohibitions also include any attempt to violate the prohibitions set forth above.

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After OFAC added Kerimov to the SDN List, GVA Capital solicited a legal opinion regarding the applicability of U.S. sanctions to GVA Capital's investments, including the investment in the U.S. company. The legal opinion, which was provided to GVA Capital on May 15, 2018, concluded incorrectly that Prosperity was not itself blocked property because it was not nominally owned 50 percent or more by a person on the SDN List.4 Nonetheless, the legal opinion explicitly cautioned GVA Capital that any sale or transfer of the shares could not directly or indirectly involve Kerimov. 2 OFAC subsequently redesignated Kerimov on September 30, 2022. 3 31 C.F.R. 589.213(a). 4 OFAC notes that the conclusion drawn in this opinion regarding Prosperity's status as blocked property is belied by evidence collected throughout OFAC's investigation, which concluded that Kerimov does, in fact, retain a property interest in Prosperity through his property interest in Heritage Trust. See U.S. Department of the Treasury, "Treasury Blocks over $1 Billion in Suleiman Kerimov Trust" (June 30, 2022).

GVA Capital's Post-Designation Services, Dealings, and Attempted Dealings in Blocked Property Despite receiving this legal guidance, GVA Capital on four occasions dealt or attempted to deal in the property or interests in property of, or provided a prohibited service to, Kerimov, via Kerimov's interest in Prosperity:

(1) 2018 Assignment Agreement: On December 19, 2018, GVA Capital and Prosperity entered into an "agreement of assignment and adherence" whereby Prosperity agreed to transfer its interest in GVA Auto, at the time valued at $18,500,000, to Definition Services, Inc, a British Virgin Islands-based entity that owned Prosperity. GVA Capital signed this agreement in its capacity as general partner of GVA Auto. Because Definition and Prosperity were both owned by Heritage Trust, this transfer did not change the ultimate beneficial ownership of the investment.

(2) 2019 Attempted Sale: Around June 2019, GVA Capital attempted to sell Definition's interest in GVA Auto for $20,000,000. GVA Capital maintained two separate lines of communication throughout the course of this attempted sale—one formal line of communication with Heritage Trust's U.S.-based fiduciary ("U.S. Person-1"), whose approval was required for any sale or distribution of Definition's assets, and one informal line of communication with Gadzhiev, who GVA Capital understood to be Kerimov's representative in investment-related matters. GVA Capital sent the terms of this proposed sale to Gadzhiev to solicit his (and, by extension, Kerimov's) feedback before making the official proposal to U.S. Person-1. GVA Capital also attempted to secure Gadzhiev's assistance in eliciting a decision from U.S. Person-1 throughout June 2019. U.S. Person-1 ultimately advised on June 20, 2019, that Definition would be "unable to proceed with this transaction at this time."

(3) 2020 Attempted Sale: Around August 2020, GVA Capital made a new attempt to sell Definition's interest in three GVA Capital-managed investments—GVA Auto, as well as two other investments held by Definition—for $50,000,000. As in the previous attempted sale, GVA Capital engaged with Gadzhiev in his capacity as Kerimov's representative, during and after communicating with a different U.S.-based fiduciary of Heritage Trust ("U.S. Person-2"). This attempt appears to have failed as well.

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(4) 2021 Attempted Distribution: Around April and May 2021, GVA Capital attempted to distribute the shares of the U.S. company in kind, including to Definition and to GVA Capital itself. After going public, the U.S. company's shares were subject to a lock-up period that expired in June 2021. GVA Capital intended to distribute these shares immediately following the expiration of the lock-up period, which would have conferred an economic benefit to Kerimov of at least $18,500,000 based on GVA Capital's planned distribution. GVA Capital officials had prepared to execute this distribution around February 2021 in anticipation of the lock-up period's expiration. These preparations included creating a "distribution waterfall" for interested parties and opening accounts with local banks to receive any cash or shares that GVA Capital received once the distribution occurred. This attempt was initially hindered by a still-unresolved dispute between GVA Capital and Definition regarding the amount of proceeds to which each party was entitled. 5 While this dispute was ongoing, OFAC issued a Notification of Blocked property with respect to Heritage Trust on June 23, 2022.

After reviewing the facts and circumstances pertaining to this matter, OFAC determined that the 2018 Assignment Agreement constituted a prohibited dealing in blocked property under § 589.201(a)(3) of OFAC's Ukraine-/Russia-Related Sanctions Regulations, 31 C.F.R. part 589 ("the URSR"), as well as a prohibited provision of services under § 589.201(b)(1) of the URSR.

OFAC further determined that the 2019 Attempted Sale, the 2020 Attempted Sale, and the 2021 Attempted Distribution constituted prohibited attempts to deal in the property or interest in property of Kerimov under § 589.213(a) of the URSR.

Reporting, Procedures and Penalties Regulations (RPPR) Violations
As part of OFAC's investigation, on June 2, 2021, the agency issued an administrative subpoena pursuant to 31 C.F.R. § 501.602 to GVA Capital. GVA Capital provided an initial response on July 30, 2021, and certified on October 11, 2021, that it had completed its subpoena response.

GVA Capital had produced in total approximately 173 documents at that time. GVA Capital made no mention of additional responsive materials for roughly two years.

As further described below, OFAC issued a Pre-Penalty Notice to GVA Capital on September 13, 2023. Shortly thereafter, GVA Capital informed OFAC that it possessed information "relevant to OFAC's inquiry" that had not yet been provided to OFAC. GVA Capital subsequently produced to OFAC approximately 1,300 records responsive to the subpoena beyond the original 173 documents produced in 2021. On February 23, 2024—over two years after GVA Capital first certified compliance—GVA Capital re-certified that it had completed its response to the subpoena.

GVA Capital's prolonged failure to produce responsive records led to 28 months of non-compliance with OFAC's subpoena, resulting in 28 violations of § 501.602 of the RPPR.

Penalty Calculations and General Factors Analysis

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On September 13, 2023, OFAC issued a Pre-Penalty Notice (PPN) to GVA Capital related to the Ukraine-/Russia-related sanctions violations. On August 22, 2024, OFAC issued a second PPN to GVA Capital related to the reporting violations. After considering GVA Capital's response to the two PPNs, OFAC issued a Penalty Notice to GVA Capital in accordance with the URSR, 31 C.F.R.§ 589.703, and in accordance with § 5(V)(A)(3) of OFAC's Economic Sanctions Enforcement Guidelines ("Enforcement Guidelines"), 31 CFR part 501, app. A., finding violations and assessing a civil monetary penalty.

The statutory maximum civil monetary penalty applicable in this matter is $215,988,868:$214,000,000 with respect to GVA Capital's Ukraine-/Russia-related violations and $1,988,868 with respect to GVA Capital's reporting violations (collectively, "the Violations"). OFAC 5 Around this time, GVA Auto was valued at roughly $436,000,000. Definition claims it is entitled to the full value of the investment. As such, OFAC notes that, although GVA Capital intended to remit $18,500,000 to Definition, it may have been compelled through litigation to remit considerably more determined that GVA Capital did not voluntarily self-disclose the Violations and that the Violations constitute an egregious case.

Accordingly, under the Enforcement Guidelines, the base civil monetary penalty applicable in this matter equals the statutory maximum of $215,988,868. Pursuant to the Penalty Notice, OFAC imposed the statutory maximum penalty of $215,988,868, based on OFAC's consideration of the General Factors under the Enforcement Guidelines. OFAC determined the following to be aggravating factors:

(1) GVA Capital willfully violated U.S. sanctions. GVA Capital's senior management had actual knowledge that the funds received from Prosperity and invested in GVA Auto ultimately came from Kerimov, and that Kerimov retained a property interest in that investment. GVA Capital's senior management traveled to Kerimov's estate in France on multiple occasions to secure his agreement to invest in the U.S. company. GVA Capital subsequently facilitated Kerimov's investment, through Prosperity, including by working through Gadzhiev, who GVA Capital knew represented Kerimov in dealings with U.S. persons. This communication channel continued well after OFAC sanctioned Kerimov in 2018, including during GVA Capital's attempts to sell or distribute Kerimov's interest in the shares of the U.S. company.

Moreover, GVA Capital received legal advice in May 2018 expressly cautioning that any future sale or transfer of Prosperity's assets that directly or indirectly involved Kerimov would violate OFAC's sanctions. Notwithstanding the receipt of that advice, GVA Capital attempted on multiple occasions to sell or distribute Prosperity's assets, working through Gadzhiev, who GVA Capital knew to be Kerimov's representative on investment-related matters. By doing so, GVA Capital knowingly indirectly involved Kerimov in the attempted sale or transfer of Prosperity's assets.

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(2) GVA Capital acted contrary to U.S. foreign policy interests by facilitating a sanctioned Russian national's access to, and use of, the U.S. financial system in precisely the way that his designation sought to prevent. GVA Capital's maintenance of the shares of the U.S. company allowed for a significant increase in the value of Kerimov's investment in a U.S. company, to an appreciation as high as $436,280,510 in April 2021. Moreover, on at least three occasions, GVA Capital attempted to confer a significant and direct economic benefit to Kerimov by attempting to sell or distribute Prosperity's interest in the shares. By investing and attempting to provide access to substantial sums of money in which Kerimov retained a property interest, GVA Capital harmed the integrity of U.S. sanctions and undermined broader U.S. policy objectives.

OFAC determined the following to be mitigating factors:
(1) GVA Capital has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the date of the transactions giving rise to the Violations. Nonetheless, given the totality of the circumstances in this case, OFAC has determined that no reduction in penalty was warranted.

Compliance Considerations
This enforcement action highlights the risks that arise when gatekeepers—such as investment professionals, accountants, attorneys, and providers of trust and corporate formation services, among others—fail to properly understand the risks associated with the provision of their services. Gatekeepers occupy crucial financial and legal positions that place them at particular risk of knowingly or unwittingly furnishing access by illicit actors to the licit financial system.6 Given that they often occupy positions of trust, gatekeepers are also often better positioned than others to monitor for and identify ways in which a blocked person may retain an interest in property. Accordingly, gatekeepers should remain vigilant of the risk that unscrupulous actors, including sanctioned parties or their proxies, may seek to use professional services to conceal a property interest or otherwise evade OFAC sanctions.

This enforcement action also demonstrates the importance for non-bank financial institutions, including venture capital firms and investment advisers, of developing and maintaining effective, risk-based sanctions compliance controls. U.S. persons operating in these industries should have a clear understanding of their U.S. sanctions compliance obligations, as well as the risks posed by dealing with counterparties who are themselves sanctioned or who reside in sanctioned jurisdictions. Additionally, participants in these industries should understand the sanctions risks present where—as was the case here—an existing investor becomes sanctioned. Failing to properly block and report assets subject to sanctions, and continuing to transact or deal in those assets, can result in significant monetary penalties for U.S. persons.

Relatedly, this enforcement action also demonstrates the risk that U.S. persons face when relying on formalistic ownership arrangements that obscure the true parties in interest behind an entity or investment, without sufficiently considering factors such as control or influence over that investment. Here, GVA Capital knew that Kerimov retained a property interest in the shares of the U.S. company, as evidenced, among other things, by GVA Capital senior management's personal dealings with Kerimov and Gadzhiev before and after Kerimov was designated. U.S. persons with such knowledge cannot claim ignorance even if the nominal owner of that property is someone other than the sanctioned individual.

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Additionally, this enforcement action demonstrates the importance of fully and timely complying with administrative subpoenas issued by OFAC. U.S. persons who fail to do so risk exposure to significant monetary penalties, regardless of whether any other violation is alleged. OFAC Enforcement and Compliance Resources On May 2, 2019, OFAC published A Framework for OFAC Compliance Commitments in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC's perspective on the essential components of a sanctions compliance program. 6 See Department of the Treasury, "2024 National Money Laundering Risk Assessment" (February 2024), p. 80.

The Framework also outlines how OFAC may incorporate these components into its evaluation of violations and resolution of investigations resulting in settlements. The Framework includes an appendix that offers a brief analysis of some of the root causes of violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 CFR part 501; and the Economic Sanctions Enforcement Guidelines, 31 CFR part 501, app. A. These references, as well as recent civil penalties and enforcement information, can be found on OFAC's website at https://ofac.treasury.gov/civil-penalties-and-enforcement-information.

Sanctions Whistleblower Program

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) maintains a whistleblower incentive program for violations of OFAC-administered sanctions, in addition to violations of the Bank Secrecy Act. Individuals located in the United States or abroad who provide information may be eligible for awards, if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding $1,000,000. FinCEN is currently accepting whistleblower tips.

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

MISSION STATEMENT:

Given the geopolitical state of affairs with China, Russia, and Crimea, the Occupied territories of UKRAINE, Donetsk and Luhansk Oblast, embargoed countries and other specific threatening end users and entities, located in the United States and around the globe;

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