

(5) enter into an agreement or understanding whereby there is vested in, or for the benefit of, a person not a citizen of the United States the controlling interest in a corporation that is incorporated under the laws of the United States or a State and that owns a vessel or facility for building or repairing vessels; or

(6) cause or procure a vessel, constructed in whole or in part in the United States and never cleared for a foreign port, to depart from a port of the United States before it has been documented under the laws of the United States.

(b) TRUSTEES.—

(1) APPROVAL.—The Secretary shall approve a trustee or substitute trustee under subsection (a)(3) if and only if the trustee is a bank or trust company that—

(A) is organized as a corporation, and is doing business, under the laws of the United States or a State;

(B) is authorized under those laws to exercise corporate trust powers;

(C) is a citizen of the United States;

(D) is subject to supervision or examination by Federal or State authority; and

(E) has a combined capital and surplus (as set forth in its most recent published report of condition) of at least \$3,000,000.

(2) DISAPPROVAL.—If a trustee or substitute trustee ceases to meet the conditions in paragraph (1), the Secretary shall disapprove the trustee or substitute trustee. After the disapproval, the restrictions on transfer or assignment without the Secretary's approval in subsection (a)(3) apply.

(3) OPERATION OF VESSEL.—During a period when subsection (a) applies, a trustee referred to in subsection (a)(3), even though approved as a trustee by the Secretary, may not operate the vessel under the mortgage or assignment without the Secretary's approval.

(c) STATUS OF PROHIBITED TRANSACTION.—A transaction in violation of this section is void.

(d) RECOVERY OF CONSIDERATION.—

(1) IN GENERAL.—A person that deposited or paid consideration in connection with a transaction prohibited by this section may recover the consideration after tender of the vessel, facility, stock, or other security, or interest therein, to the person entitled to it, or the forfeiture thereof to the United States Government.

(2) EXCEPTION.—Paragraph (1) does not apply if the person in whose interest the consideration was deposited, or to whom it was paid, entered into the transaction in the belief that the person depositing or paying the consideration was a citizen of the United States.

(e) PENALTIES.—

(1) CRIMINAL PENALTY.—A person that violates, or attempts or conspires to violate, this section shall be fined under title 18, imprisoned for not more than 5 years, or both.

(2) FORFEITURE.—The following shall be forfeited to the Government:

(A) A vessel, a facility for building or repairing vessels, or an interest in a vessel or such a facility, that is sold, mortgaged,

leased, chartered, delivered, transferred, or documented, or agreed to be sold, mortgaged, leased, chartered, delivered, transferred, or documented, in violation of this section.

(B) Stock and other securities sold or transferred, or agreed to be sold or transferred, in violation of this section.

(C) A vessel departing in violation of subsection (a)(6).

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1652.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56102(a) .....	46 App.:835(a)-(c) (less provisos), (d)-(f).	Sept. 7, 1916, ch. 451, § 37, as added July 15, 1918, ch. 152, § 4, 40 Stat. 901; Exec. Order No. 6166, § 12, eff. June 10, 1933; June 29, 1936, ch. 858, title II, § 204, title IX, § 904, 49 Stat. 1987, 2016; Pub. L. 89-346, § 2, Nov. 8, 1965, 79 Stat. 1306; Pub. L. 97-31, § 12(30), Aug. 6, 1981, 95 Stat. 156.
56102(b) .....	46 App.:835(c) (provisos).	
56102(c) .....	46 App.:835 (2d par. after cl. (f), last par. words before 9th comma).	
56102(d) .....	46 App.:835 (last par. words after 9th comma).	
56102(e) .....	46 App.:835 (1st, 3d pars. after cl. (f)).	

In this section, the words “facility for building or repairing vessels” are substituted for “shipyard, dry dock, shipbuilding or ship-repairing plant or facility” (or similar language) to eliminate unnecessary words.

In subsection (a)(1), the words “transfer to” and “or flag” are omitted as surplus. The words “Territory, District, or possession thereof” are omitted as unnecessary because of the definition of “State” in chapter 1 of the revised title.

In subsection (a)(3), the words “instrument of indebtedness” are substituted for “bond, note, or other evidence of indebtedness” to eliminate unnecessary words. The words “right, title, or” are omitted as unnecessary.

In subsection (a)(5), the words “or the majority of the voting power” are omitted as covered by “controlling interest”.

In subsection (b)(1), before subparagraph (A), the words “and only if” are added for clarity because the Secretary is required to disapprove a trustee that ceases to meet the specified conditions.

Subsections (c) and (d) are substituted for the source provisions to eliminate unnecessary words.

In subsection (e)(1), the words “guilty of a misdemeanor” are omitted, and the words “fined under title 18” are substituted for “punishable by a fine of not more than \$5000”, because of chapter 227 of title 18.

§ 56103. Conditional approvals

(a) IN GENERAL.—In approving an act or transaction under section 56101 or 56102 of this title, the Secretary of Transportation may do so absolutely or upon conditions the Secretary considers advisable. The Secretary shall state the conditions in the notice of approval.

(b) VIOLATIONS.—A violation of a condition of approval is subject to the same penalties as a violation resulting from an act done without the required approval. The violation occurs at the time the condition is violated.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1654.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56103 .....	46 App.:839 (1st par.).	Sept. 7, 1916, ch. 451, § 41 (1st par.), as added July 15, 1918, ch. 152, § 4, 40 Stat. 902; Exec. Order No. 6166, June 10, 1933, § 12; June 29, 1936, ch. 858, title II, § 204, title IX, § 904, 49 Stat. 1987, 2016; Pub. L. 97-31, § 12(32), Aug. 6, 1981, 95 Stat. 156.

This section is substituted for the source provision to eliminate unnecessary words.

**§ 56104. Penalty for false statements**

A person that knowingly makes a false statement of a material fact to the Secretary of Transportation or another officer, employee, or agent of the Department of Transportation, to obtain the Secretary's approval under section 56101 or 56102 of this title, shall be fined under title 18, imprisoned for not more than 5 years, or both.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1654.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56104 .....	46 App.:839 (last par.).	Sept. 7, 1916, ch. 451, § 41 (last par.), as added July 15, 1918, ch. 152, § 4, 40 Stat. 903; Exec. Order No. 6166, June 10, 1933, § 12; June 29, 1936, ch. 858, title II, § 204, title IX, § 904, 49 Stat. 1987, 2016; Pub. L. 97-31, § 12(32), Aug. 6, 1981, 95 Stat. 156.

The words "guilty of a misdemeanor" are omitted, and the words "fined under title 18" are substituted for "subject to a fine of not more than \$5000", because of chapter 227 of title 18.

**§ 56105. Forfeiture procedure**

(a) IN GENERAL.—A forfeiture under this chapter may be enforced in the same way as a forfeiture under the laws on the collection of duties. However, such a forfeiture may be remitted without seizure of the vessel.

(b) PRIOR CONVICTIONS.—In a proceeding under this chapter to enforce a forfeiture, a prior criminal conviction of a person for a violation of this chapter with respect to the subject matter of the forfeiture is prima facie evidence of the violation against the person convicted.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1654.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56105(a) .....	46 App.:836.	Sept. 7, 1916, ch. 451, § 38, as added July 15, 1918, ch. 152, § 4, 40 Stat. 902; Pub. L. 101-225, title III, § 304(b), Dec. 12, 1989, 103 Stat. 1924.
56105(b) .....	46 App.:837.	Sept. 7, 1916, ch. 451, § 39, as added July 15, 1918, ch. 152, § 4, 40 Stat. 902.

**CHAPTER 563—EMERGENCY ACQUISITION OF VESSELS**

Sec.  
56301. General authority.

Sec.  
56302. Charter terms.  
56303. Compensation.  
56304. Disputed compensation.  
56305. Vessel encumbrances.  
56306. Use and transfer of vessels.  
56307. Return of vessels.

**§ 56301. General authority**

During a national emergency declared by Presidential proclamation, or a period for which the President has proclaimed that the security of the national defense makes it advisable, the Secretary of Transportation may requisition or purchase, or requisition or charter the use of, a vessel owned by citizens of the United States, a documented vessel, or a vessel under construction in the United States.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1654.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56301 .....	46 App.:1242(a) (1st, 2d sentences).	June 29, 1936, ch. 858, title IX, § 902(a) (1st, 2d sentences), 49 Stat. 2015; Pub. L. 97-31, § 12(131), Aug. 6, 1981, 95 Stat. 165; Pub. L. 100-710, title 1, § 104(c), Nov. 23, 1988, 102 Stat. 4750.

The words "or other watercraft" are omitted because of the definition of "vessel" in chapter 1 of the revised title. The words "The termination of any emergency so declared shall be announced by a further proclamation by the President" are omitted as superseded by the National Emergencies Act (50 U.S.C. 1601 et seq.).

**§ 56302. Charter terms**

(a) IN GENERAL.—If a vessel is requisitioned for use but not ownership under this chapter, the Secretary of Transportation, at the time of requisition or as soon thereafter as the situation allows, shall offer the person entitled to possession of the vessel a charter containing—

(1) the terms the Secretary believes should govern the relationship between the United States Government and the person; and

(2) the rate of hire the Secretary considers just compensation for the use of the vessel and the services required under the charter.

(b) REFUSAL TO ACCEPT.—If the person does not accept the charter and rate of hire, the parties shall proceed as provided in section 56304 of this title.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1654.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56302 .....	46 App.:1242(c) (1st sentence).	June 29, 1936, ch. 858, title IX, § 902(c) (1st sentence); as added Aug. 7, 1939, ch. 555, § 3, 53 Stat. 1255; Pub. L. 97-31, § 12(131), Aug. 6, 1981, 95 Stat. 165.

In subsection (a), the words "requisitioned for use but not ownership under this chapter" are substituted for "taken and used under authority of this section, but the ownership thereof is not required by the United States" to eliminate unnecessary words. The word "requisition" is substituted for "taking", and the word "vessel" is substituted for "such property", for consistency.