

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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Russia News

Canada Adds 10 Individuals and One Entity to Ukraine Sanctions List

Canada has amended the Special Economic Measures (Ukraine) Regulations in order to list the following individuals, all of whom had previously been designated by the EU: Petr Grigorievich Jarosh, Oleg Grigorievich Kozyura, Viacheslav Ponomariov (also designated by the US), Igor Mykolaiovych Bezler, Igor Kakidzyanov, Oleg Tsariov, Roman Lyagin, Aleksandr Malykhin, Natalia Vladimirovna Poklonskaya and Igor Sergeievich Shevchenko. Canada has also listed an oil company, Feodosia Enterprise, which is also designated by the EU.

The Special Economic Measures (Ukraine) Regulations prohibit any person in Canada and any Canadian outside Canada from (i) dealing in any property, wherever situated, held by or on behalf of a designated person, (ii) entering into or facilitating,

directly or indirectly, any transaction related to any such dealing, (iii) providing any financial or other related service in respect of any such dealing, (iv) making any goods, wherever situated, available to a designated person, or (v) providing any financial or related service to or for the benefit of a designated person.

Canada has also amended the grounds on which a person can be designated to include “obstruct[ing] the work of international organizations in Ukraine”.

[Special Economic Measures \(Ukraine\) Regulations](#)

[Regulations Amending the Special Economic Measures \(Ukraine\) Regulations](#)

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US Adds Seven Individuals to Ukraine Sanctions List

On 20 June, the US Treasury Department designated seven Ukrainian individuals pursuant to Executive Order 13660, which authorises sanctions on persons that threaten the peace, security, stability, sovereignty or territorial integrity of Ukraine, or that assert governmental authority without authorisation. The following persons, all described by the Treasury Department as “separatists,” are now subject to blocking sanctions: Viacheslav Ponomariov (also designated by the EU and Canada), Denis Pushilin, Andrey Yevgenyevich Purgin (also designated by the

EU), Igor Vsevolodovich Girkin, Valery Bolotov (also designated by the EU), Sergei Ivanovich Menyailo (also designated by the EU) and Valery Vladimirovich Kaurov. All property of these individuals that is in or comes into the possession of a US person must be blocked, effectively prohibiting transactions with these individuals by US persons.

[Treasury Department Press Release](#)

[Executive Order 13660](#)

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Australia Publishes the Names of Designated Individuals and Companies

Australia has named the 50 individuals and 11 companies on which it has imposed sanctions for being responsible for, or complicit in, the Russian threat to the sovereignty and territorial integrity of Ukraine. Although the Minister of Foreign Affairs had already announced that sanctions would be imposed, the relevant persons were previously unidentified. The individuals and entities have been designated under the Autonomous Sanctions Regulations 2011, as amended, which imposes an asset freeze and a travel ban on all designated persons.

The 11 companies on which sanctions have been imposed, which have all been previously designated

by the US, are: Bank Rossiya, Invest Capital Bank, SMP Bank, Stroygazmontazh, Aquanika, Avia Group LLC, Avia Group Nord LLC, Stroytransgaz Group, The Volga Group, Transoil and Chernomorneftegaz. Canada has also previously designated all of these entities with the exception of Chernomorneftegaz. Chernomorneftegaz has also been listed by the EU.

[Autonomous Sanctions Regulations 2011](#)

[Autonomous Sanctions \(Designated Persons and Entities and Declared Persons – Ukraine\) List 2014](#)

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EU News

EU Amends Central African Republic Sanctions List

The EU has added François Yangouvonda Bozizé, Nourredine Adam and Levy Yakete to the list of persons designated under Council Regulation (EU) No. 224/2014. All three individuals have been designated for engaging in or providing support for acts that undermine the peace, stability or security of the Central African Republic. Adam's grounds for listing also include (i) being involved in planning, directing, or committing acts that violate international

human rights law or international humanitarian law, and (ii) providing support for armed groups or criminal networks through illegal exploitation of natural resources. As a result of their listing, the individuals are now subject to an asset freeze.

[Council Implementing Regulation \(EU\) No. 691/2014](#)

[Council Regulation \(EU\) No. 224/2014](#)

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EU Renews and Amends Libya Sanctions

The EU has notified the persons listed on Annex II to Council Decision 2011/137/CFSP and the persons listed on Annex III to Council Regulation (EU) No. 204/2011 that the restrictive measures imposed upon them continue to apply. Both Annex II and Annex III designate persons “involved in or complicit in ordering, controlling, or otherwise directing, the commission of serious human rights abuses against persons in Libya”. A listing on Annex II imposes a travel ban and an asset freeze; a listing on Annex III imposes an asset freeze only. The aforementioned persons are also notified that

they have until 15 March 2015 to submit a request, together with supporting documentation, that the EU should reconsider their designation. The EU has also amended Annex III in order to delete the entries of Libyan Holding Company for Development and Investment and Dalia Advisory Limited.

[Council Decision 2011/137/CFSP](#)

[Council Regulation \(EU\) No. 204/2011](#)

[Notice 2014/C 193/03](#)

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EU Implements UN Measures Concerning Libyan Crude Oil

The EU has followed the UN in taking measures to (i) prohibit the loading, transport and discharge of crude oil illicitly exported from Libya on designated vessels; (ii) prevent designated vessels from entering EU ports; (iii) prohibit the provision of services, such as bunkering services and the provision of fuel or supplies, to designated vessels; and (iv) prohibit

financial transactions with respect to crude oil aboard designated vessels, including the sale of the crude oil or the use of the crude oil as credit.

[Council Regulation \(EU\) No. 690/2014](#)

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EU Imposes Sanctions on 12 Syrian Ministers

The EU has amended Annex I to Council Decision 2013/255/CFSP in order to designate the following individuals, all of whom are ministers in the Syrian government: Ahmad al-Qadri, Suleiman Al Abbas, Kamal Eddin Tu'ma, Kinda al-Shammat, Hassan Hijazi, Ismael Ismael, Dr Khodr Orfali, Samir Izzat Qadi Amin, Bishr Riyadh Yazigi, Dr Malek Ali, Hussein Arnous and Dr Hassib Elias Shammas. The individuals

have all been listed because they share “responsibility for the regime’s violent repression against the civilian population”. The individuals are now subject to a travel ban and an asset freeze.

[Council Decision 2013/255/CFSP](#)

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EU Amends Al-Qaida Sanctions

The EU has amended Council Regulation (EC) No. 881/2002, which imposes financial sanctions against Al-Qaida, so that an asset freeze now applies to Al Mouakaoune Biddam, Al Moulathamoun and Al Mourabitoun. All three are entities associated with al-Qaida operating out of Mali. Al Moulathamoun also operates out of Niger and Algeria. Council Regulation

(EC) No. 881/2002 has also been amended to remove the asset freeze that had previously been imposed on two individuals, Jainal An tel Sali, Jr. and Mohammad Ilyas Kashmiri, both of whom are reportedly deceased.

[Council Regulation \(EC\) No. 881/2002](#)

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EU Annuls Listing of Syria International Islamic Bank

The General Court of the European Union (the “Court”) has ruled in favour of Syria International Islamic Bank (“SIIB”), granting its application to have annulled the asset freeze imposed on it by the European Council (the “Council”). SIIB had been listed on the grounds that it acted as a front for the Commercial Bank of Syria (“CBS”) and the Syrian Lebanese Commercial Bank (“SLCB”), both of which are designated by the EU. The Council reasoned that acting as a front for CBS and SLCB contributed to providing support to the Syrian regime.

In a judgment handed down in French, the Court ruled that the Council had not proved that the transactions carried out by SIIB for clients who also held accounts with CBS and SLCB involved a particularly high risk that the source of money was the Syrian regime or persons subject to restrictive measures. The mere fact that some of SIIB’s clients also

held accounts with CBS and SLCB was not sufficient to justify designating SIIB. The Court also noted that the Council had not provided evidence suggesting that SIIB’s clients were implicated in the violent repression of the civilian population in Syria.

Despite ruling in favour of SIIB, the Court rejected its application for damages on the grounds that it failed to prove that it had suffered loss specifically as a result of EU sanctions, as opposed to other sanctions regimes, or on account of the general situation in Syria. SIIB produced a report claiming to substantiate its claim for damages which was rejected because it was submitted late.

[Case T-293/12 Syria International Islamic Bank v Council \(French\)](#)

[Press Release \(English\)](#)

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ECJ Rules on Use of Frozen Funds for Legal Expenses

The European Court of Justice (the “ECJ”) has handed down judgment in Case C-314/13 *Uzsienio reikalų ministerija & Ors v Vladimir Peftiev & Ors*. In which, among other things, it ruled that national authorities did not have limited discretion when deciding whether to release frozen funds for legal expenses. The genesis for this ruling was as follows: a law firm which had been asked to represent Vladimir Peftiev, whose assets are frozen by virtue of being a designated person under EU sanctions relating to Belarus, applied to the Lithuanian national authority for an exception to the asset freeze so that Peftiev could pay legal fees from funds that would otherwise be frozen. The Lithuanian national authority refused. Consequently, the law firm referred a set of questions to the ECJ, including whether national authorities enjoy absolute discretion when deciding whether to grant an exception under EU sanctions legislation.

The ECJ ruled that, in assessing whether to grant an exception, a national authority lacked absolute discretion but had to decide in such a way as to uphold the rights enshrined in the Charter of Fundamental Rights of the European Union, Article 47 of which guarantees access to justice. However, the ECJ also ruled that national authorities were permitted to set conditions to the granting of a licence in order to ensure that the funds freed up were used “exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services”. Such conditions, the ECJ stated, could include giving preference to bank transfers over cash payments.

[Case C-314/13 *Uzsienio reikalų ministerija & Ors v Vladimir Peftiev & Ors*](#)

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EU General Court Hears Application for Annulment of Zimbabwean Designations

The General Court of the EU has heard oral arguments in an application brought by 112 individuals and 11 companies seeking to have their designations under sanctions imposed in respect of Zimbabwe annulled. The applicants are relying on pleas that (i) the EU does not have the power to impose restrictive measures on non-state actors in Zimbabwe on the sole grounds of unsubstantiated allegations of criminal misconduct in Zimbabwe; (ii) the EU was incorrect to consider that the listing criteria had been fulfilled;

(iii) the EU failed to give adequate or sufficient reasons for the designations; (iv) the EU failed to safeguard the applicants’ rights of defence and effective judicial review; and (v) the EU infringed the applicants’ fundamental rights, including their right to protection of property, business, reputation and private and family life.

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US News

US Lifts Sanctions against Colombian Businesses Because of Collapse of Cali Drug Cartel

On 19 June, the Treasury Department's Office of Foreign Assets Control ("OFAC") announced the largest-ever delisting from the Specially Designated Nationals List (the "SDN List"), covering 78 individuals and 230 entities. The 308 persons are primarily located in Colombia and were originally designated for their role in the drug trafficking network of the Cali Cartel. In announcing the delisting, OFAC declared that the action demonstrates "the successful use of targeted sanctions" in destroying the Cali Cartel's

business empire. OFAC noted that the delisted persons have credibly shown that they have stopped engaging in sanctionable activities. Miguel and Gilberto Rodriguez Orejuela, the leaders of the Cali Cartel, remain on the SDN List and are currently serving sentences in the United States.

[Treasury Department Press Release](#)

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US Expands Global Terrorism Sanctions List

On 17 June, the State Department designated Shawki Ali Ahmed al-Badani as a Specially Designated Global Terrorist. The State Department asserts that Mr. al-Badani is a leader and operative for Al-Qaida in the Arabian Peninsula ("AQAP") involved in terrorist activity. Mr. al-Badani is alleged to have ordered an attack on the US Embassy in Yemen and to have played a key role in a major 2013 attack that led the United States to close 19 diplomatic posts in the Middle East and Africa. Additionally, the State Department

notes that Mr. al-Badani has been described as having a connection with a suicide bomber that killed more than 100 Yemeni soldiers in May 2012. AQAP was designated as a Foreign Terrorist Organization and Specially Designated Global Terrorist entity in January 2010.

[State Department Press Release](#)

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Update on Potential BNP Paribas Settlement

Recent news reports indicate that BNP Paribas SA, the French bank, may pay a fine of \$8-9 billion as part of a guilty plea for intentionally circumventing US sanctions in transactions worth a reported \$30 billion. In addition to the guilty plea and fine, reports indicate that the New York Department of Financial Services is

seeking the termination of more than 30 employees at the bank and may also impose a temporary ban on the bank's ability to clear transactions in US Dollars.

[Wall Street Journal Article](#)

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UN News

UN Reinforces Sanctions against Individuals and Entities Associated with the Taliban

The UN has adopted Security Council Resolution 2160 (2014) directing all States to impose an asset freeze and travel ban on persons and entities designated as being associated with the Taliban and who therefore constitute a threat to the peace, stability and security of Afghanistan. Of particular note is the fact that the UN has stated that the asset freeze applies to financial and economic resources of all kind, including resources used for the provision of internet hosting or related services and resources directly or indirectly related to the payment of ransoms.

The UN has also decided that States shall take measures to prevent the supply of arms and related materiel of all types to such persons, as well as training

related to military activities. In a related move, the UN has urged States to help prevent designated persons from obtaining explosives and raw materials that can be used to manufacture explosives by directing States to undertake appropriate measures to promote the exercise of vigilance by their nationals, persons subject to their jurisdiction and firms incorporated in their territory or subject to their jurisdiction that are involved in the production, sale, supply, purchase, transfer and storage of such materials.

[Security Council Resolution 2160 \(2014\)](#)

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