

DEBEVOISE & PLIMPTON LLP

SANCTIONS ALERT

A bi-monthly summary of sanctions news and developments

ISSUE 15

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BREAKING GLOBAL NEWS

US and EU Impose New Sanctions on Russian and Ukrainian Individuals in Response to Ukraine Crisis

On 17 March 2014, the US and EU both issued new sanctions against Russian and Ukrainian political and military officials involved in the ongoing Crimean crisis.

The US for the first time designated individuals under its Ukraine-related sanctions programme and issued new authority for further sanctions against Russian nationals. Only individuals rather than entities have been listed. All of the listed individuals are officials of the Russian government, the former Ukrainian government of Viktor Yanukovich, or the regime currently holding power in Crimea.

In particular, US President Barack Obama issued a new Executive Order, which blocks the property of seven senior Russian government officials listed in the Annex to the Executive Order. The designated individuals are Sergey Glazyev, Andrei Klishas, Valentina Ivanovna Matviyenko, Yelena Mizulina, Dmitry Olegovich Rogozin, Leonid Slutsky and Vladislav Yurievich Surkov.

The new Executive Order also authorises the Treasury Department to make future designations of (1) officials of the Government of the Russian Federation, (2) persons that operate in the arms or related materials sector in the Russian Federation, and (3) persons that are owned or controlled by, or provide material support to, senior officials of the Government of the Russian Federation or persons designated under this Executive Order.

According to a fact sheet issued by the White House press office, the goal of the US is to "hold accountable individuals who use their resources or influence to support or act on behalf of senior Russian government officials," even though those individuals may not serve in any official capacity in the Russian government. The fact sheet goes on to say that the US government's "current focus is to identify these individuals and target their personal assets, but not companies that they may manage on behalf of the Russian state."

Also on 17 March, the Treasury Department designated four individuals under the authority of Executive Order 13360, issued on 6 March 2014, which targeted for sanctions persons that the US government determines are engaged in undermining democratic processes or institutions in Ukraine or threatening the peace, security, stability, sovereignty or territorial integrity of Ukraine. Prior to Monday's action, no one had been designated under Executive Order 13360. The designated individuals are Viktor Yanukovich, the former President of Ukraine; Viktor Medvedchuk, leader of the Ukrainian Choice group; Sergey Aksyonov, the self-claimed Prime Minister of Crimea; and Vladimir Konstantinov, who is acting as speaker of the Crimean parliament.

The property of these designated individuals, to the extent that such property is subject to US jurisdiction, is blocked (that is, their assets will be frozen) and they are denied entry to the US. Persons designated under Executive Order 13360 are tagged "[UKRAINE]" on the

List of Specially Designated Nationals maintained by the Treasury Department's Office of Foreign Assets Control ("OFAC"), and persons designated under the new Executive Order of 17 March 2014 are tagged "[UKRAINE2]".

In the EU, Council Regulation 269/2014 of 17 March 2014 imposed asset freezes against 21 individuals from Russia and Crimea. The restrictive measures seek to condemn the "unprovoked violation of Ukrainian sovereignty and territorial integrity by the Russian Federation." The designated individuals are as follows: Sergey Valeryevich Aksyonov; Vladimir Andreevich Konstantinov; Rustam Ilmirovich Temirgaliev; Deniz Valentinovich Berezovskiy; Aleksei Mikhailovich Chaliy; Pyotr Anatoliyovich Zima; Yuriy Zharebtsov; Sergey Pavlovych Tsekov; Viktor Alekseevich Ozerov; Vladimir Michailovich Dzhabarov; Andrei Aleksandrovich Klishas; Nikolai Ivanovich Ryzhkov; Evgeni Viktorovich Bushmin; Aleksandr Borisovich Totoonov; Oleg Evgenevich Panteleev; Sergei Mikhailovich Mironov; Sergei Vladimirovich Zheleznyak; Leonid Eduardovich Slutski; Aleksandr Viktorovich Vitko; Anatoliy Alekseevich Sidorov; and Aleksandr Galkin. The asset freeze has immediate effect in all Member States.

As with the previous set of Ukrainian sanctions, issued on 5 March 2014, the asset freeze prohibits EU persons - which includes persons within the EU as well as EU nationals - from dealing in funds or economic resources that belong to, are owned, controlled or held by the listed individuals. EU persons are also prohibited from making funds or economic resources available to the listed individuals, whether directly or indirectly. Licences are available in respect of the asset freeze on limited grounds.

EU Member States have also agreed to implement a travel ban in respect of the 21 individuals.

For a more detailed analysis of these sanctions, please see [Client Update: The United States and European Union Impose Sanctions on Russian Officials](#).

[Executive Order of 17 March 2014](#)

[Executive Order 13360 of 6 March 2014](#)

[White House Fact Sheet](#)

[Treasury Department Press Release](#)

[OFAC Announcement](#)

[Council Regulation 269/2014 \(PDF\)](#)

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EU NEWS

EU Updates Reporting Obligation under Liberian Sanctions Regime

On 14 March 2014, the EU issued Council Decision 2014/141/CFSP, amending Common Position 2008/109/CFSP which prohibits the supply by nationals of Member States, or from Member State territories, of arms and related material to Liberia. The Common Position exempted certain transactions from the scope of the sanctions, including the supply of weapons to governmental police and security forces, as well as the provision of technical training and assistance.

Whereas the Common Position imposed an obligation on Member States to notify the UN Liberia Sanctions Committee upon the successful delivery of permitted supplies and assistance, the Council Decision now transfers this primary reporting obligation to the Liberian authorities in advance of any such supply being provided.

The Council Decision implements UN Security Council Resolution 2128 (2013), adopted on 10 December 2013, renewing the UN arms embargo.

[Council Decision 2014/141/CFSP \(PDF\)](#)

[Common Position 2008/109/CFSP \(PDF\)](#)

[UN Security Council Resolution 2128 \(2013\) \(PDF\)](#)

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EU Court Upholds Egyptian Sanctions Listings

On 27 February 2014, the General Court of the European Union (the "EGC") ruled on the legality of the Egyptian sanctions regime in the case of *Ezz and Others v Council* (Case T-256/11). The decision is now publicly available and provides useful guidance as to the EGC's interpretation of individual responsibility.

Council Decision 2011/172/CFSP of 21 March 2011 (as amended) imposed asset freezes and travel bans on individuals identified as "responsible for misappropriation of Egyptian State funds." The EGC, responding to challenges by former parliamentary member Ahmed Abeldaziz Ezz and others, found against the applicants on all eight grounds of their challenge and dismissed their application for annulment.

The concept of "responsible individual" was interpreted widely by the EGC to include the following categories of individual:

1. those found guilty of misappropriating state funds, and their accomplices, following a criminal trial;
2. those prosecuted for misappropriating state funds, or for acting as an accomplice

- to such misappropriation; and
3. those subject to any judicial proceeding connected to criminal proceedings for misappropriating state funds.

[Council Decision 2011/172/CFSP \(PDF\)](#)

[Ezz and Others v Council \(Case T-256/11\)](#)

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EU Expands Sanctions against Central African Republic

The EU has amended the restrictive measures against the Central African Republic such that the arms embargo already in place pursuant to Council Decision 2013/798/CFSP has been renewed and extended, and an asset freeze and travel ban have been introduced. Council Regulation 224/2014 and Council Decision 2014/125/CFSP implement UN Security Council Resolution 2134 (2014). Although they take immediate effect, currently no individuals or entities have been listed.

[Council Regulation 224/2014 \(PDF\)](#)

[Council Decision 2014/125/CFSP \(PDF\)](#)

[Council Decision 2013/798/CFSP \(PDF\)](#)

[UN Security Council Resolution 2134 \(2014\) \(PDF\)](#)

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US NEWS

US Expands Sanctions Targeting Mexican Drug Cartel

On 13 March 2014, the Treasury Department blocked the property of Eduardo Mendoza Robles (also known as Zeta 33) pursuant to the Foreign Narcotics Kingpin Designation Act (the "Kingpin Act"). According to the US government, Mr. Mendoza Robles, on behalf of the Los Zetas cartel, has transported weapons, drugs and cash across the US-Mexico border. The Los Zetas cartel itself was designated pursuant to the Kingpin Act in April 2009. In July 2011, the cartel was designated a significant Transnational Criminal Organisation pursuant to Executive Order 13581. In July 2012, Mr. Mendoza Robles was indicted in the Southern District of Texas for conspiracy to export arms. To date, the US has designated over 1,300 business and individuals under the Kingpin Act.

[US Department of the Treasury Press Release](#)

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OFAC Issues Quarterly Report on Licensing of Humanitarian Exports to Iran and Sudan

Under the Trade Sanctions Reform and Export Enhancement Act of 2000, OFAC processes licence applications to export agricultural commodities, medicine and medical devices to Iran and Sudan. In July 2013, OFAC updated general licences authorising many food items and basic medical supplies to Iran, expanding the scope of covered items. Thus, only exports requiring heightened scrutiny and those intended for export to certain persons now require a specific licence. In the third quarter of 2013, OFAC received 298 licence applications of this type and issued 160 licences and licence amendments, denying one licence application. On average, the processing time for issuing licences to export agricultural commodities, medicine and medical devices to Iran and Sudan was 41 days, while the application denial took 156 days.

[OFAC Report of Licensing Activities \(PDF\)](#)

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UN NEWS

UN Panel Finds North Korea Evades Sanctions

A UN-commissioned report published by a panel of experts has found that North Korea has been developing and adopting sophisticated financial countermeasures to counteract the effect of UN sanctions and thus persist with its nuclear missile programmes and other activities prohibited by the sanctions.

The experts found that an international network of foreign-based firms and individuals had been cooperating with the North Korean regime to purchase illicit goods on its behalf, using multi-layered and multi-jurisdictional payment structures. North Korean embassies are suspected of acting as facilitators to such transactions. For example, evidence has linked embassies in Cuba and Singapore to a North Korea-bound shipment of fighter jets and missile parts seized in Panama last year.

The UN North Korean sanctions committee is currently considering the report. It has been reported, however, that Security Council diplomats do not anticipate the report leading to further restrictive measures in the near future.

[Report of the Panel of UN Experts \(PDF\)](#)

[Reuters article regarding this issue](#)

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OTHER NEWS

OFAC to Host April and September Sanctions Symposia

OFAC will host two symposia in 2014 on economic and financial sanctions. On April 8, key OFAC personnel will provide a comprehensive review of OFAC and US economic sanctions, to be held in the Walter E. Washington Convention Center in Washington, DC. The September symposium will focus on current and emerging sanctions that impact larger financial institutions; registration and venue information will be provided at a later date.

[US Department of the Treasury press release](#)

[Link to register for the April symposium](#)

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