



Sanctions Alert

A bi-monthly summary of sanctions news and events

Issue 39

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Russia Bans 89 Europeans from Entering Russia

Russia has shared with EU member states a list of 89 European politicians, officials, and public figures that have been banned from travelling to Russia an EU spokesperson has [stated](#). The spokesperson also said that the EU had not been informed of the legal bases, criteria or process for the decision to ban these individuals. The list of those banned from entering Russia has not been published officially, although [an apparently leaked version \(in German\)](#) has been published online.

General Secretary of the EU Council Uwe Corsepius, former British Deputy Prime Minister Nick Clegg, former Belgian prime minister Guy Verhofstadt and former EU enlargement chief Štefan Füle are among those believed to be subject to the ban.

The list includes individuals from Belgium, Bulgaria, the Czech Republic, Denmark, Estonia, Germany, Finland, France, Latvia, Lithuania, the Netherlands, Poland, Romania, Spain, Sweden and the UK.

In response to the travel ban, on 2 June the Head of the European Parliament, Martin Schulz, [announced](#) that until further notice Russian diplomats will be barred from the European Parliament and access for Russian legislators will be assessed on a case-by-case basis. The European Parliament has also suspended its engagement in the EU-Russia Parliamentary Cooperation Committee, which involves legislators from both the Russian and European Parliaments.

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G7 Leaders Issue Joint Statement on Intention to Continue Sanctioning Russia

The leaders at the G7 summit in Germany have issued a [joint statement](#) that they “stand ready to take further restrictive measures in order to increase cost on Russia should its actions so require”, and that “the duration of sanctions should be clearly linked to Russia’s complete implementation of the Minsk agreements and respect for Ukraine’s sovereignty”.

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Russian Defence Contractor Applies for Annulment from Sanctions List

On 22 May, Russian defence contractor Almaz-Antey [announced](#) that it had filed an appeal with the General Court of the EU (the “General Court”) to annul its inclusion on the EU’s sanctions list concerning actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, pursuant to [Council Implementing Regulation \(EU\) No. 826/2014](#), which amends [Council Regulation \(EU\) No. 269/2014](#).

According to the statement of reasons for its listing, Almaz-Antey was put on the sanctions list because it had contributed to the destabilisation of Ukraine by manufacturing anti-aircraft weapons for the Russian military, which then supplied the equipment to separatists fighting in Ukraine. Almaz-Antey says there is insufficient evidence to support its listing.

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EU Extends Asset Freeze Against Three Individuals and De-Lists an Individual

On 6 June, pursuant to [Council Decision \(CFSP\) 2015/876](#) and [Council Implementing Regulation \(EU\) 2015/869](#), which amend, respectively, [Council Decision 2014/119/CFSP](#) and [Council Regulation \(EU\) No 208/2014](#), the EU extended its EU-wide asset freeze against three individuals listed under its sanctions relating to the misappropriation of Ukrainian state funds. The listings of former Minister of Justice Olena Lukash and former Minister of Education and Science Dmytro Tabachnyk have been extended by nine months until 6 March 2016 and the listing of the brother of former President Viktor Yanukovich's chief of staff, Serhii Kliuiev, has been extended by four months until 6 October 2015. The listing of President Yanukovich's recently deceased son Viktor Yanukovich expired on 6 June.

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EU News

Syria: EU Amends and Extends Sanctions

Pursuant to certain Council Decisions and Council Implementing Regulations which amend, respectively, [Council Decision 2013/255/CFSP](#) and [Council Regulation \(EU\) No. 36/2012](#), the EU has extended and amended its sanctions regime in respect of Syria. It made the following changes:

1. the asset freeze and travel ban will continue to apply until 1 June 2016 ([Council Decision \(CFSP\) 2015/837](#));
2. General Muhamad has been added to the list of persons subject to the asset freeze and travel ban, and Rustum Ghazali has been removed from the list. The details of a further ten individuals were updated ([Council Decision \(CFSP\) 2015/837](#) and [Council Implementing Regulation \(EU\) 2015/828](#));
3. the addition of a prohibition on the trade of, and provision of related services in respect of, cultural property illegally removed from Syria on or after 15 March 2011 ([Council Decision \(CFSP\) 2015/837](#) and [Council Regulation \(EU\) 2015/827](#)); and
4. the details of four individuals and two entities that are on the list of persons subject to the asset freeze and travel ban were updated ([Council Implementing Decision \(CFSP\) 2015/784](#) and [Council Implementing Regulation \(EU\) 2015/780](#)).

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Syria: General Court Rejects Three Applications for Interim Measures

On 20 May, the General Court rejected applications by three individuals, Aiman Jaber, Khaled Kaddour, and Mohamad Hamcho, for interim injunctions to suspend their inclusion on the EU's sanctions list relating to Syria, in cases [Case T-153/15 Hamcho v Council \[2015\]](#), [Case T-154/15 Jaber v Council \[2015\]](#) and

[Case T-155/15 Kaddour v Council \[2015\]](#) (judgments in French).

In November 2014, the General Court annulled the inclusion of these applicants in the EU sanctions list on Syria (see [Issue 31](#)). In January 2015, the Council of the European Union re-listed the applicants (see [Issue 34](#)). In March, the three individuals applied to annul their re-listings and, linked to this, applied for interim injunctions pending the General Court's final judgment on their application for annulment. In rejecting the applications, the General Court found that the applicants had failed to show that the interim injunctions were necessary to prevent serious and irreparable harm being caused to them.

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Iran: General Court Rejects Two Applications for Annulment

On 29 April, the General Court, in [Case T-9/13 National Iranian Gas Company v Council \[2015\]](#) and [Case T-10/13 Bank of Industry and Mine v Council \[2015\]](#) (judgments in French), rejected applications brought by the National Iranian Gas Company (NIGC) and the Bank of Industry and Mine (BIM), respectively, for annulment of their listings under the EU's sanctions in respect of Iran. BIM is designated as it is said to be a State enterprise that provides support to the Iranian Government, and NIGC is designated as it is said to be an entity owned and managed by the State and that it provides financial resources to the Iranian Government. The General Court rejected all pleas concerning NIGC and BIM, and both entities remain subject to sanctions.

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Al-Qaeda: EU Removes Six Individuals from Sanctions List

On 12 May, pursuant to [Council Implementing Decision \(CFSP\) 2015/784](#) and [Commission Implementing Regulation \(EU\) 2015/769](#), which amend, respectively, [Council Decision 2013/255/CFSP](#) and [Council Regulation \(EC\) No. 881/2002](#), the EU removed six individuals (Riadh Al-Jelassi, Samir Kishk, Al-Azhar Al-Tlili, Faouzi Al-Jendoubi, Ahmed Rarbo and Najib Al-Waz) from its Al-Qaeda sanctions listings, following their removal from the UN Al-Qaeda sanctions list. As a result, these men are no longer subject to an asset freeze and travel ban pursuant to the EU's Al-Qaeda sanctions regime.

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Libya: EU Updates Criteria for Sanctions Designation and Updates the List of Designated Individuals

On 26 May, pursuant to [Council Decision \(EU\) 2015/818](#) and [Council Regulation \(EU\) 2015/813](#), the EU amended the criteria for designation of persons under the EU's Libyan sanctions list enacted by [Council Decision 2011/137/CFSP](#) and [Council Regulation \(EU\) No. 204/2011](#). However, the sanctions regime remains list based.

The designation criteria now also include persons:

1. involved in the repressive policies of the former Qaddafi regime in Libya, or otherwise formerly associated with the regime, who pose a continued risk to the peace, stability, and security of Libya or the successful completion of its political transition;
2. threatening or coercing Libyan State financial institutions and the Libyan National Oil Company, or engaging in any action that may lead to the misappropriation of Libyan State funds; or
3. who own or control Libyan state funds misappropriated during the former Qaddafi regime in Libya, which could be used to threaten the peace, stability, or security of the country or the completion of its political transition.

Furthermore, on the same date, pursuant to [Council Decision \(CFSP\) 2015/818](#) and [Council Implementing Regulation \(EU\) 2015/814](#), the EU amended the details of certain individuals included on the EU's Libyan sanctions list enacted by [Council Decision 2011/137/CFSP](#) and [Council Regulation \(EU\) No. 204/2011](#). No individuals were added or removed from the list.

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Yemen: EU Adds Two Individuals to Sanctions List

On 8 June, pursuant to [Council Decision 2015/882](#) and [Council Implementing Regulation \(EU\) 2015/879](#), which amend, respectively, [Council Regulation \(EU\) No 1352/2014](#) and [Council Decision 2014/932 /CFSP](#), the EU has added two individuals to the EU sanctions list in respect of Yemen. The two individuals, Abdulmalik Al-Houthi and Ahmed Saleh, will be listed because of their association with the Houthi rebels conducting a military campaign against the supporters of the country's president, Abed Hadi. As a result of their listing, these men will be subject to an asset freeze or travel ban. The new listings implement [UN Security Council Resolution 2216](#), which listed the individuals under UN sanctions in April.

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Belarus: Anatoly Ternavsky Remains Subject to Sanctions

On 12 May, in [Case T-163/12 Ternavsky v Council \[2015\]](#) (judgment in French), the General Court partially upheld the annulment application of Anatoly Ternavsky: it held that his original listing on the Belarus sanctions list pursuant to [Council Decision 2012/642/CFSP](#) and [Council Implementing Regulation \(EU\) No. 265/2012](#) should be annulled because there was insufficient evidence to support the listing, but it upheld his subsequent listing pursuant to [Council Implementing Decision 2014/24/CFSP](#) and [Council Implementing Regulation \(EU\) No. 46/2014](#), finding that there was sufficient evidence in the amended statement of reasons to support his listing.

As a result, Ternavsky remains subject to an EU-wide asset freeze and travel ban.

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Guinea-Bissau: EU Extends Sanctions

On 12 June, the EU published a [notice](#) announcing that it has determined that the EU sanctions listings in respect of Guinea-Bissau pursuant to [Council Decision 2012/285/CFSP](#) and [Council Regulation \(EU\) 377/2012](#) will be extended until 30 April 2016. Under the sanctions, listed individuals and entities are subject to an EU-wide travel ban and asset freeze.

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US News

Cuba Removed from US List of State Sponsors of Terrorism

On 29 May, the US State Department [removed](#) Cuba from the State Sponsors of Terrorism list. This action comes immediately after the expiration of the 45-day waiting period after President Obama announced his intention to lift the designation. As we reported in our [15 April client update](#), Cuba's removal from the list does not significantly affect the scope of US sanctions against Cuba. However, the designation has caused some financial institutions and other firms to be reluctant to deal with Cuba even when authorised by US law or in matters beyond US jurisdiction. For that reason, the removal of the designation may help alleviate some obstacles to trade between Cuba and third countries as well as the limited categories of authorised trade between Cuba and the United States.

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Congress Establishes Process for US Approval of Iran Nuclear Deal

On 22 May, President Obama signed into law the [Iran Nuclear Agreement Review Act of 2015](#). The new U.S. legislation comes just over a month after the announcement of a framework for an agreement on nuclear issues between Iran and, the European Union and the P5+1 (or E3+3) powers (the U.S., UK, France, China, Russia and Germany). The legislation, which passed with bipartisan support in Congress and the support of the White House, defuses concerns that the U.S. Congress would attempt to pre-empt President Obama's authority to agree to any deal with Iran that eases sanctions. More details on the legislation and the agreed framework for the negotiations with Iran are discussed in our [client update](#) of 15 May 2015.

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Export of Free Internet Communications Services and Software to Crimea Is Authorised

On 22 May, the US Treasury Department's Office of Foreign Asset Control ("OFAC") published [General License No. 9](#) in respect of Executive Order No. 13,685, which imposed a trade embargo on Crimea. The new licence allows the provision to Crimea of most software and services related to personal communication over the Internet, but only if the software or services are widely available to the public at no cost to the user. This includes, for example, social networking, blogging, email and instant messaging services and software. However, providing web hosting services for commercial endeavours and domain-name registration services to Crimea remains forbidden.

The licence also does not authorise the exportation or reexportation of services or software when the exporter or reexporter has knowledge or reason to know that such services or software are intended for any person whose property and interests in property are blocked. OFAC also has issued a new [Frequently Asked Question](#) explaining the scope of this last restriction.

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Iraq's Al-Naser Airline and Others Blocked for Helping Mahan Air Buy Planes

On 21 May, the US Treasury Department [added](#) two entities and one individual to its Specially Designated Nationals ("SDN") list as Specially Designated Global Terrorists ("SDGTs") for having helped Iran-based Mahan Air procure aircraft and related parts. The aircraft that were purchased under these arrangements also have been placed on the SDN List.

The three new designees are Iraq-based Al-Naser Airlines, Syrian national Issam Shammout, and Shammout's UAE-based aviation company Sky Blue Bird Aviation. Al-Naser is alleged to have acquired several Airbus aircraft from European vendors for the purpose of reselling them to Mahan Air. Shammout and Sky Blue Bird are alleged to have helped Mahan Air purchase other types of aircraft and aircraft parts. Mahan Air was previously [designated](#) as an SDGT on 12 October 2011 for providing transportation, funds transfer and travel services to Iran's Islamic Revolutionary Guard Corps-Qods Force.

Concurrently, the US Commerce Department [imposed](#) a temporary denial order on Al-Naser Airlines, Bahar Safwa General Trading, and Ali Abdullah Alhay. As a result, they are barred from exporting or receiving exports from the United States. Bahar Safwa General Trading, based in the UAE, is suspected of acting as a front company for Mahan Air. Alhay is a minority owner of Al-Naser Airlines and is alleged to have signed Al Naser's letters of intent to purchase aircraft on behalf of Mahan Air. Cham Wings, another company controlled by Shammout, has been on the Commerce Department's Entity List since August 2011.

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US Businessman Sentenced to Prison for Export Control Violations

On 14 May, the US District Court for the Northern District of Illinois sentenced Bilal Ahmed, of Bolingbrook, Illinois, to two years in prison followed by two years of supervised release for unauthorised exports of controlled items to Pakistan. According to a [press release](#) by the US Attorney's Office, Ahmed had exported 203 controlled items through his company Trexim Corporation to various Pakistani entities, including the Pakistani Space and Upper Atmosphere Research Commission, over a four-year period. The items included a thermal imaging camera, materials for bullet-proof vests and microwave laminate. In pleading guilty to one count of wilfully violating export-control laws, Ahmed admitted he was aware that exporting some of these items required a licence from the US Department of State or US Department of Commerce.

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Peruvian Insurgent Group Shining Path Receives Narcotics Designation on Top of Terrorism Designations

On 1 June, the US Treasury Department [designated](#) Shining Path (Sendero Luminoso), a Maoist insurgent group in Peru, as a significant foreign narcotics trafficker under the Foreign Narcotics Kingpin Designation Act (the "Kingpin Act"). Along with the identification of Shining Path, the Treasury Department designated Victor Quispe Palomino, Jorge Quispe Palomino, and Florindo Eleuterio Flores Hala for their leadership of the organisation. Shining Path was previously designated a Foreign Terrorist Organization on 8 October 1997 and a Specially Designated Global Terrorist entity on 31 October 2011. According to the US Treasury Department, Shining Path has become involved in cocaine trafficking in south central Peru.

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US Blocks Additional Narcotics Traffickers in Colombia and Mexico

On 22 May, the US Treasury Department [designated](#) José Berley Guarín Loaiza, and several related businesses and individuals under the Kingpin Act. Guarín Loaiza, a Colombian national, is alleged to be running an organisation that transports cocaine from Colombia and Venezuela. Guarín Loaiza and four of his associates, who are also among those designated, previously were indicted in March 2014 in federal court in Miami, Florida, on cocaine-related charges.

On 21 May, the US Treasury Department [designated](#) Mexican national Abel Briones Ruiz, four other individuals and one company under the Kingpin Act for their involvement with the Mexico-based Gulf Cartel. Briones Ruiz is alleged to control a smuggling corridor in the southwestern United States for the transportation of cocaine. The

other new designees are Briones Ruiz's wife, brother-in-law, sister and mother as well as a petrol station company in Matamoros, Mexico, that Briones Ruiz controls. According to the US government, these designees to play critical roles in Briones Ruiz's smuggling infrastructure. Briones Ruiz, his wife and his brother-in-law previously were [indicted](#) in federal court in Brownsville, Texas, in October 2014 on various charges, including money laundering and cocaine trafficking. The Gulf Cartel has been [designated](#) under the Kingpin Act since 1 June 2007.

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OFAC Continues to Purge Obsolete Entries from Sanctions List

On 4 June, the US Treasury Department removed several dozen individuals, entities and vessels from its SDN List under the Cuba sanctions regime and a smaller number of individuals and entities under the Specially Designated Narcotics Traffickers ("SDNT") regime. Although the reasons for these removals were not announced, it appears likely that many or all of the Cuba deletions are part of a continuing effort to clear obsolete entries, such as the names of deceased individuals and defunct companies and vessels, from the Cuba sanctions list. The reasons for the SDNT removals are not known.

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UK News

UK High Court Freezes Repayment Obligations to Libyan Investment Authority

In [Maud v The Libyan Investment Authority \[2015\] EWHC 1625 \(Ch\)](#) Mrs Justice Rose held that the Libyan Investment Authority's ("LIA") right to payments due under a guarantee contract was not enforceable on the grounds that making such payments to the LIA would breach the EU's sanctions regime relating to Libya. The LIA is listed under this sanctions regime pursuant to [Council Regulation \(EU\) No. 204/2011](#) ("Regulation 204"), as amended by [Council Regulation \(EU\) No. 965/2011](#).

The LIA had sought to enforce a payment of £17.6 million from Glenn Maud which it claimed it was owed under an overdue guarantee contract. Maud argued that making the payment would be contrary to Regulation 204. The court agreed with Maud. It found that anyone making payment to the LIA in breach of the sanctions would be subject to criminal penalties and it would be unjust to require a debtor to make repayments in such circumstances.

The LIA argued that Maud should have applied for a licence from HM Treasury permitting him to make payments otherwise prohibited by the sanctions. But the court held that Maud, as a debtor, did not have any such responsibility, including because there was no certainty that a licence would be granted. This should be

contrasted with cases where the borrower becomes subject to sanctions, such as [DVB Bank v Shere Shipping \[2013\] EWHC 2321 \(Comm\)](#), in which the courts have held that borrowers need to attempt to procure a licence to repay non-sanctioned creditors.

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Awards

Debevoise Recognised for Outstanding and Innovative Advice in World ECR's Inaugural US Sanctions Firm of the Year Award

Debevoise was awarded runner-up in World ECR's inaugural awards in the Sanctions Firm of the Year - USA category. The award quoted clients praising the Debevoise sanctions team for "outstanding and innovative advice in sensitive matters in the U.S. in a fast-changing regulatory & political environment."

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Recent Noteworthy Debevoise Publications

Enforcement Scrutiny Falling on Individuals

Debevoise partners Satish M. Kini and David A. O'Neil and associate Robert T. Dura published an article in the *National Law Journal*, titled "[Enforcement Scrutiny Falling on Individuals](#)".

The article describes the current trend amongst US regulators to pair institution-wide penalties with penalties on individual employees for anti-money-laundering and sanctions violations. This marks a significant departure from previous thinking on compliance failures, in which regulators did not focus on individual accountability because the failures were viewed to be collective. The trend toward holding individuals accountable has been manifested in recent actions by federal and New York state financial regulators, including settlement and enforcement actions involving MoneyGram, BNP Paribas, Commerzbank, and Brown Brothers Harriman.

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EU Sanctions for German Firms

Debevoise partner Dr. Thomas Schürle, international counsel Matthew H. Getz and associates Konstantin Bureiko and Dr. Friedrich Popp have recently published an article entitled "[The EU Sanctions Landscape in 2015: Everything a German Firm Needs to Know](#)". The article provides an overview of EU sanctions, with a focus

on sectoral sanctions and other restrictions likely to affect EU companies exporting goods and services to sanctioned countries. It provides details of how such sanctions have been applied in relation to Russia. Finally, it considers how Germany's anti-boycott legislation may, in some cases, prevent German companies from complying with non-EU sanctions regimes.

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EU's Approach to Energy Sanctions

Debevoise international counsel Jessica Gladstone and associate Jane Rahman have published an article entitled "Energy Sanctions: the European Union's Approach" in the [latest issue](#) of the International Energy Law Review ("IELR"). The article, which is available to subscribers to the IELR, considers the EU's sanctions regime against Russia within the EU's wider sanctions context and examines the scope and impact of EU sanctions on the energy industry more generally.

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