

Sanctions Alert

A bi-monthly summary of sanctions news and developments

In this Issue:

UK News

02 Lloyd's of London to Provide Sanctions Information to New York's Department of Financial Services

European News

02 EU Court Annuls Multiple Asset Freezes in Connection with Measures Against Iran, Upholds Asset Freeze Against Bank Melli

03 EU Court Rejects Request to Suspend Sanctions

03 Belgium Urges Lifting of EU Zimbabwe Sanctions

US News

03 OFAC Authorises Humanitarian Activity and Athletic Exchanges with Iran

04 OFAC Targets Network Acting on Behalf of the Government of Iran

04 US Affiliate of Deutsche Bank Settles Liability for Funds Transferred to Blocked Iranian Banks

05 World Fuel Settles Liability for Facilitation of Trade with Iran, Sudan and Cuba

05 Communications & Power Industries Settles Liability for Sales to Iran

UN News

06 UAE Urged to Implement UN Sanctions Against al-Shabaab

06 Weapons Shipment to North Korea Violated UN Sanctions

07 Security Council Deletes Two Entries from Al-Qaida Sanctions List

Other News

07 Japan Tightens Sanctions Measures Against North Korea

Debevoise Events

08 Forthcoming Events Hosted by Debevoise & Plimpton LLP

UK News

Lloyd's of London to Provide Sanctions Information to New York's Department of Financial Services

New York's Department of Financial Services, led by Benjamin Lawsky, has asked Lloyd's of London ("Lloyd's") to send it information in respect of enquiries Lloyd's has made about its members' compliance with US sanctions against Iran.

An article regarding this issue can be viewed at: <http://www.ft.com/cms/s/0/893be820-10ba-11e3-b291-00144feabdc0.html>

[Back to the top](#)

European News

EU Court Annuls Multiple Asset Freezes in Connection with Measures Against Iran, Upholds Asset Freeze Against Bank Melli

The General Court of the Court of Justice of the EU has annulled several decisions of the European Council which had introduced asset freezes in respect of persons accused of being involved in Iranian nuclear proliferation.

The General Court annulled the decisions of the Council in relation to:

- Post Bank Iran, Iran Insurance Company, Good Luck Shipping, and Export Bank of Iran on the basis that the Council failed to prove the facts of which it accused these companies.
- Mr. Naser Bateni of Hanseatic Trade, Trust & Shipping, Persia International Bank, and Iranian Offshore Engineering & Construction Co. on the basis that the Council erroneously assessed the facts and evidence upon which it relied.

- Bank Refah Kargaran on the basis that the Council breached its obligation to state reasons and to disclose to the Bank the evidence used against it.
- Europäisch-Iranische Handelsbank on the basis that the Council merely adopted the listing proposal of a Member State without evaluating the allegations within it.

But the General Court upheld the restrictive measures in place in respect of Bank Melli Iran.

The press release, which includes links to the judgments of the Court, can be viewed at: http://curia.europa.eu/jcms/jcms/P_103674/

[Back to the top](#)

EU Court Rejects Request to Suspend Sanctions

The General Court has rejected an application by Iran Liquefied Gas Company (“ILGC”) to suspend some of the restrictive measures in place against it. ILGC had sought suspension of the restrictive measures, which prevent it from performing certain contracts with European companies, until it is able to have its request for annulment of sanctions properly heard. ILGC argued that, as a result of the EU sanctions regime in relation to Iran, its European contractual partners were considering terminating their contracts

with ILGC. That would cause the construction of a liquefied natural gas plant, and thus the very existence of ILGC, to be put in jeopardy.

The judgment can be viewed at: <http://curia.europa.eu/juris/document/document.jsf?text=&docid=140601&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=327776>

[Back to the top](#)

Belgium Urges Lifting of EU Zimbabwe Sanctions

Belgium has urged that the EU lift its sanctions against Zimbabwe, and specifically, against the state-run Zimbabwe Mining Development Corporation (ZMDC). No decision has been taken by the EU in respect of how its sanction regime will be affected, if at all, by the recent elections in Zimbabwe though it has stated that the EU “is concerned about alleged irregularities and reports of incomplete participation,

as well as the identified weaknesses in the electoral process and a lack of transparency”.

An article in relation to this issue can be viewed at: <http://www.reuters.com/article/2013/09/05/zimbabwe-diamonds-idUSL6N0H144S20130905>

[Back to the top](#)

US News

OFAC Authorises Humanitarian Activity and Athletic Exchanges with Iran

The Office of Foreign Assets Control (OFAC) in the US Department of the Treasury issued two new general licences authorising humanitarian activities by non-governmental organisations in Iran and athletic exchanges involving Iran and the United States. The first, General Licence E, permits the export or

re-export of services to or related to Iran in support of non-profit activities that directly benefit the Iranian people, including activities related to humanitarian projects to meet basic human needs; non-commercial reconstruction projects in response to natural disasters for a period of up to two years; environmental and

[Continued on page 4](#)

wildlife conservation projects; and human-rights and democracy-building projects. The second, General Licence F, permits dealings in and the export or re-export of services, directly or indirectly, from the United States or by a United States person related to professional sporting activities and exchanges involving the United States and Iran.

The announcement can be viewed at: <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20130910.aspx>

General Licence E can be viewed at: http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran_gle.pdf

General Licence F can be viewed at: http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran_glf.pdf

[Back to the top](#)

OFAC Targets Network Acting on Behalf of the Government of Iran

OFAC blocked the property of six individuals and four businesses under Executive Order 13599 (Blocking Property of the Government of Iran and Iranian Financial Institutions) for acting on behalf of the Government of Iran in global oil deals. According to OFAC, the individuals and businesses are part of the network of Seyed Seyyedi, an Iranian businessman and the director of Sima General Trading. In March 2013, the Treasury previously blocked Sima General Trading as part of a network of Iranian government front companies for its role in an alleged sanctions

evasion scheme being carried out by the Greek businessman Dimitris Cambis.

A press release regarding the Government of Iran Listings can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2158.aspx>

A current version of the complete Specially Designated Nationals list and an online tool for searching the list can be viewed at: <http://treasury.gov/sdn>

[Back to the top](#)

US Affiliate of Deutsche Bank Settles Liability for Funds Transferred to Blocked Iranian Banks

Deutsche Bank Trust Company Americas agreed to pay \$18,900 to OFAC to settle allegations of two violations of Executive Order 13382 (Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters). The first apparent violation involved a transfer of \$3,177 that included the Business Identifier

Code for the London branch of Bank Melli, an Iranian bank that has been designated under EO 13382 (and is subject to EU sanctions – see above). The payment was sent through without manual intervention. The second apparent violation occurred when the bank rejected rather than blocked a \$10,000 funds transfer to an

[Continued on page 5](#)

account at Export Development Bank of Iran (EDBI), another Iranian bank that has been designated under EO 13382. OFAC noted that seven different employees had reviewed the transaction, but none of them noticed the reference to EDBI. OFAC determined that the apparent violations were not voluntarily disclosed and constituted a non-egregious case.

OFAC's enforcement information release can be viewed at: http://www.treasury.gov/resource-center/sanctions/CivPen/Documents/20130905_DBTCA.pdf

[Back to the top](#)

World Fuel Settles Liability for Facilitation of Trade with Iran, Sudan and Cuba

World Fuel Services Corporation of Miami, Florida, agreed to pay \$39,501 to OFAC to settle allegations of violations of the Iranian Transactions Regulations, the Sudanese Sanctions Regulations and the Cuban Assets Control Regulations. The alleged violations involved World Fuel's coordinating approximately 30 unlicensed flights to Cuba, facilitating the supply of fuel to an aircraft in Sudan, and facilitating the sale of fuel by a non-US subsidiary to a vessel in Iran. The total

transaction value for the alleged violations was \$79,219. OFAC determined that the violations were not an egregious case and that two of the three violations had been voluntarily disclosed.

OFAC's enforcement information release can be viewed at: http://www.treasury.gov/resource-center/sanctions/CivPen/Documents/20130909_world_fuel.pdf

[Back to the top](#)

Communications & Power Industries Settles Liability for Sales to Iran

Communications & Power Industries LLC (CPI) of Palo Alto, California, agreed to pay \$346,530 to OFAC to settle allegations of violations of the Iranian Transactions and Sanctions Regulations. According to OFAC, the Switzerland branch office of a US subsidiary of CPI engaged in or attempted to engage in numerous transactions for the sale of x-ray generators, medical digital imaging workstations and automatic exposure

control field kits to entities in Iran. OFAC determined that CPI voluntarily disclosed the matter and that the apparent violations constituted a non-egregious case.

OFAC's enforcement information release can be viewed at: <http://www.treasury.gov/resource-center/sanctions/CivPen/Documents/09062013.pdf>

[Back to the top](#)

UN News

UAE Urged to Implement UN Sanctions Against al-Shabaab

It has been reported in the Financial Times that the UN group charged with monitoring sanctions in relation to Somalia has attempted to pressure the UAE into enforcing the UN ban on Somali charcoal imports. According to the article, a letter was sent to the UAE's representative to the UN to warn the UAE that a vessel carrying illegal charcoal from Somalia was heading to the UAE. The UAE has since confirmed that the charcoal and vessel have been seized and that investigations have been launched to "verify the documentation of the cargo".

The UN has previously identified Somali charcoal exports as a key source of funding for al-Shabaab and

has stated that, in 2011 alone, al-Shabaab's turnover from the trade was over \$25 million.

An article regarding this issue can be viewed at: <http://www.ft.com/cms/s/0/09fd06f4-1c61-11e3-a8a3-00144feab7de.html>

A press release relating to the UN decision to ban imports of Somali charcoal, including the wording of the resolution, can be viewed at: <https://www.un.org/News/Press/docs/2012/sc10550.doc.htm>

[Back to the top](#)

Weapons Shipment to North Korea Violated UN Sanctions

According to the Government of Panama, a preliminary report by a UN panel of experts has found that the North Korean cargo ship carrying weapons from Cuba, hidden among sacks of sugar, seized by Panama on 15 July 2013, was violating UN sanctions against North Korea. The ship included weapons and missiles in parts and anti-aircraft systems, which Cuba said it was sending to North Korea for repair.

North Korea claimed that it had a "legitimate contract" to repair "aging weapons" and return them to Cuba.

An article regarding this issue can be viewed at: <http://www.theguardian.com/world/2013/aug/29/panama-north-korea-ship-sanctions>

[Back to the top](#)

Security Council Deletes Two Entries from Al-Qaida Sanctions List

The UN Security Council Committee removed Lajnat Al Daawa Al Islamiya and Mufti Rashid Ahmad Ladehyanoy from its Al-Qaida sanctions list after considering delisting requests from the Office of the Ombudsperson. Accordingly, the UN assets freeze, travel ban and arms embargo no longer apply to this entity or this individual.

The announcements can be viewed at:

<http://www.un.org/News/Press/docs//2013/sc11109.doc.htm>

<http://www.un.org/News/Press/docs//2013/sc11117.doc.htm>

[Back to the top](#)

Other News

Japan Tightens Sanctions Measures Against North Korea

According to the Japanese Ministry of Economy, Trade and Industry, the Japanese Cabinet approved asset-freezing measures against 11 entities which it says are involved in North Korea's Nuclear, other WMD, and Ballistic Missile Development Programmes. As of 30 August 2013, all those affected by Japanese sanctions must obtain prior approval from the Government of Japan in relation to all capital transactions and capital payments to any of the entities and individuals specified.

A press release can be viewed at:

http://www.meti.go.jp/english/press/2013/0830_01.html

The names of the entities and individuals designated by the Government of Japan can be viewed (in English and Japanese) at: <http://www.meti.go.jp/press/2013/08/20130830001/20130830001-2.pdf>

[Back to the top](#)

Debevoise Events

Forthcoming Events Hosted by Debevoise & Plimpton LLP

On Tuesday 8 October in Hong Kong and on Wednesday 16 October in London, Debevoise & Plimpton LLP will host the seminars “US/EU Sanctions: Implications for International Banks, Insurers, Private Equity and Other Firms”.

US and EU economic and trade sanctions have implications for transactions and parties worldwide. US sanctions—particularly those maintained against Iran—are fast evolving and have global reach; as a consequence, globally based banks and other firms engaged directly or indirectly in transactions with Iran or involving Iranian-origin goods and services may be excluded from US markets and dealings with US firms. EU sanctions also are becoming wider in application. Recent EU legislation targets entire sectors, such as the Iranian oil and gas industries, and all those providing ancillary services, including banks, insurers and shippers.

The seminars will review the scope and reach of US and EU sanctions and assess their application to and implications for internationally based banks, private equity firms and others. We will review, in detail, those aspects of the sanctions that apply across borders and examine the new US securities law disclosure requirements and how they apply to private equity firms and their portfolio companies. We also will look at recent US enforcement actions that have targeted and penalised non-US banks for failures to comply with US requirements.

Further information about both conferences, including a link to a registration page, can be viewed by [clicking here](#). Alternatively, please email londonevents@debevoise.com or events-hk@debevoise.com if you would like to attend either of these events.

[Back to the top](#)

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