

# **Sanctions Alert**

**A bi-monthly summary of sanctions news and developments**

## **In this Issue:**

### **European News**

- 02 EU to Lift Sanctions on Zimbabwe Mining Development Corporation
  - 02 EU Renews Sanctions Against Leadership of Transnistrian Region in the Republic of Moldova
- 

### **US News**

- 03 US Military Contractor Anham FZCO Discloses to US Government Trans-shipment of Supplies Through Iran
  - 03 Turkey-based Trading Company Fined for Originating Wire Transfers from US Banks to Iran
  - 04 OFAC Targets Businesses and Individuals Tied to Narcotics Trafficking and Terrorist Organisations
- 

### **UN News**

- 04 Security Council Deletes One Entry from Al-Qaida Sanctions List
  - 04 Security Council Deletes One Entry from 1988 Sanctions List
- 

### **Other News**

- 05 Iran Hopes to Have Sanctions Lifted Within Months
  - 05 China Bans Exports of 'Dual-Use' Items to North Korea
- 

### **Debevoise Events**

- 06 Forthcoming Events Hosted by Debevoise & Plimpton LLP

## European News

### EU to Lift Sanctions on Zimbabwe Mining Development Corporation

The EU has begun removing Zimbabwe Mining Development Corporation (ZMDC) from its sanctions list, despite concerns over the conduct of the July election that kept President Robert Mugabe in power.

The announcement comes following persistent lobbying from Belgium, a leading country in the global diamond trade, for the lifting of sanctions. Belgium says that lifting sanctions on ZMDC would increase Zimbabwe's tax revenues by \$400 million a year.

The decision to remove ZMDC must be endorsed by the Council, a step that some consider is no more than a formality.

A Zanu-PF spokesman, Rugare Gumbo has stated that the EU's decision is "too late and too little". At the recent UN General Assembly in New York, President Mugabe made no reference to the EU's decision to lift the sanctions against ZMDC but did comment on the wider sanctions regime in place against Zimbabwe, saying: "Please remove your illegal and filthy sanctions from my peaceful country".

An article regarding this issue can be viewed at: <http://www.reuters.com/article/2013/09/17/zimbabwe-elections-eu-idUSL5N0HD2FE20130917>

[Back to the top](#)

### EU Renews Sanctions Against Leadership of Transnistrian Region in the Republic of Moldova

The EU has renewed restrictive measures against the leadership of the region of Transnistria in the Republic of Moldova. In response to the lack of political progress in the settlement of the Transnistrian conflict and the campaign of intimidation and closure against Moldovan Latin-script schools, a travel ban for persons responsible remains in place until 30 September 2014.

The Council's decision can be viewed at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:257:0018:0018:EN:PDF>

[Back to the top](#)

## US News

### US Military Contractor Anham FZCO Discloses to US Government Trans-shipment of Supplies Through Iran

The Wall Street Journal reported that Anham FZCO, a contractor to the U.S. Defense Department, shipped supplies through Iran in the spring of 2012. The supplies included building materials used to construct a warehouse at Bagram military base near Kabul, Afghanistan. Completion of this warehouse put Anham in a favourable position to win a multi-year contract to supply food and water to the U.S. military in Afghanistan worth an estimated \$8.1 billion. Anham told the Journal that it voluntarily disclosed the trans-shipment through Iran to the U.S. government earlier

in the week, and that it is currently “working with Treasury and Commerce to fully investigate the matter to determine what occurred and to determine whether any laws were broken.”

An article regarding this issue can be viewed at: <http://online.wsj.com/article/SB10001424052702304713704579093251911750142.html>

[Back to the top](#)

### Turkey-based Trading Company Fined for Originating Wire Transfers from US Banks to Iran

The US Treasury Department’s Office of Foreign Assets Control (OFAC) fined the Turkish trading firm Finans Kiyetli Madenler Turizm Otomotiv Gida Tekstil San. Ve Tic (Finans) \$750,000 for originating at least three electronic funds transfers through US institutions on behalf of an oil and gas company in Iran, totalling \$257,808, in violation of the Iranian Transactions and Sanctions Regulations. In determining the fine, the OFAC found that these violations constituted an egregious case, noting that Finans recklessly concealed or omitted material information in originating the transfers and did not

voluntarily disclose the violations nor cooperate in the investigation. The OFAC believes the size of the civil monetary penalty will have a deterrence effect by encouraging greater due diligence among financial institutions that maintain accounts for third-country trading companies.

The announcement can be viewed at: [http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20130926\\_33.aspx](http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20130926_33.aspx)

[Back to the top](#)

## OFAC Targets Businesses and Individuals Tied to Narcotics Trafficking and Terrorist Organisations

The US Treasury Department announced that it was adding a number of individuals and businesses to its Specially Designated Nationals (SDN) list based on their alleged ties to the Mexican drugs trafficking organisation Los Gueros or the Honduran drugs trafficking organisation Los Cachiros. Additionally, two individuals based in Indonesia were added to the SDN list based on alleged ties to the terrorist groups Jemaah Islamiya and Jemmah Anshorut Tauhid. The Treasury Department has also recently made a number of amendments to and deletions of entries on the SDN list related to narcotics, non-proliferation and terrorism.

The press release related to the new terrorism designations can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2167.aspx>

The press release related to the Los Cachiros designations can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2168.aspx>

The press release related to the Los Cachiros designations can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2170.aspx>

[Back to the top](#)

## UN News

### Security Council Deletes One Entry from Al-Qaida Sanctions List

The UN Security Council removed Fahd Mohammed Ahmed Al-Quso from its Al-Qaida Sanctions List after considering a delisting request from the Office of the Ombudsperson. Accordingly, the UN assets freeze, travel ban and arms embargo no longer apply to this individual.

The announcement can be viewed at: <http://www.un.org/News/Press/docs//2013/sc11128.doc.htm>

[Back to the top](#)

### Security Council Deletes One Entry from 1988 Sanctions List

The UN Security Council removed Badruddin Haqqani, a reportedly deceased Taliban leader, from its 1988 Sanctions List relating to the Taliban after considering a delisting request. Accordingly, the UN assets freeze, travel ban and arms embargo no longer apply to this individual.

The announcement can be viewed at: <http://www.un.org/News/Press/docs//2013/sc11130.doc.htm>

[Back to the top](#)

## Other News

### Iran Hopes to Have Sanctions Lifted Within Months

Iran hopes to move toward the lifting of all sanctions imposed on the country, according to a report in the Telegraph newspaper. Iranian President Hassan Rouhani is quoted as saying, “of course as we move forward, there has to be removal of sanctions and in the end game there has to be a total lifting of all sanctions [...]”.

US Secretary of State John Kerry told CBS News that the US would only lift sanctions in response to a “verifiable, accountable [and] transparent process... whereby we know exactly what Iran is going to be doing with its [nuclear] programme.” John Kerry’s comments were broadcast after he had attended a

rare meeting of the P5+1 Iran contact group, which UK Foreign Secretary William Hague described “as a big improvement in the tone and spirit” from previous Iran encounters. The next meeting for the P5+1 group is scheduled for 15 and 16 October in Geneva, where the parties will hold fresh talks on the issue.

An article regarding this issue can be viewed at:

<http://www.telegraph.co.uk/news/worldnews/middleeast/iran/10338388/Iran-sits-down-at-UN-table-with-softer-words-on-nuclear-ambitions.html>

[Back to the top](#)

### China Bans Exports of ‘Dual-Use’ Items to North Korea

China has moved to ban certain items with a potential military application from being exported to North Korea. According to media reports this may be largely due to Beijing’s increasing frustration with Pyongyang over North Korea’s nuclear programme.

The 236-page report of “dual-use” items published jointly by the Commerce Ministry, the Ministry of Industry and Information Technology and the China Atomic Energy Authority, describes items that could be used to build both chemical and nuclear weapons. Alongside biological agents such as the Ebola virus, the report also lists conventional military equipment including unmanned aerial drones and missile re-entry vehicles. China remains North Korea’s largest trading partner and sole major ally.

A link to the report (in Chinese) can be viewed at: <http://www.mofcom.gov.cn/article/b/e/201309/20130900317758.shtml>

An article regarding this issue can be viewed at:

<http://www.ft.com/intl/cms/s/0/2db21280-2515-11e3-bcf7-00144feab7de.html#axzz2fj9K47Ii>

A further article regarding this issue can be viewed at:

<http://www.reuters.com/article/2013/09/23/china-north-korea-ban-idUSL4N0HJ1YW20130923>

A current version of the SDN list is available at:

<http://www.treasury.gov/sdn>

[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](mailto:londonevents@debevoise.com) or [events-hk@debevoise.com](mailto:events-hk@debevoise.com) if you would like to attend either of these events.

[Back to the top](#)

# Sanctions Alert

Sanctions Alert is a publication of  
**Debevoise & Plimpton LLP**

919 Third Avenue  
New York, New York 10022  
+1 212 909 6000  
www.debevoise.com

**Washington, D.C.**  
+1 202 383 8000

**London**  
+44 20 7786 9000

**Paris**  
+33 1 40 73 12 12

**Frankfurt**  
+49 69 2097 5000

**Moscow**  
+7 495 956 3858

**Hong Kong**  
+852 2160 9800

**Shanghai**  
+86 21 5047 1800

For further information in relation  
to any of the above, please email  
sanctions@debevoise.com or call:

**Satish Kini**  
Partner, Washington  
+1 202 383 8190  
smkini@debevoise.com

**Carl Micarelli**  
Counsel, New York  
+1 212 909 6813  
cmicarelli@debevoise.com

**Matthew Getz**  
International Counsel, London  
+44 20 7786 5518  
mgetz@debevoise.com

**Jane Rahman**  
Associate, London  
+44 20 7786 5463  
jrahman@debevoise.com

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regarding topics covered in  
this publication to the editors.

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