

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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European News

EU Extends and Expands Sanctions Against Belarus

The EU has extended sanctions consisting of an asset freeze, travel ban and arms embargo for individuals and entities with ties to the regime of President Lukashenko. The individuals and entities targeted are those deemed responsible for serious human rights violations, or for undermining the development of democracy and the rule of law, or those who benefit from the regime.

Council Decision 2013/534/CFSP amending and replacing Council Decision 2012/642/CFSP contains amendments to the reasons given for the inclusion of certain individuals and entities. Three individuals

involved in the running of the IK-2 and IK-9 penal colonies have been added for their involvement in the torture and maltreatment of political prisoners.

Council Decision 2013/534/CFSP is available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:288:0069:0124:EN:PDF>

Council Decision 2012/642/CFSP is available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:285:0001:0052:EN:PDF>

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US News

Belgian Businessman Charged by US Attorney with Alleged Violations of Export Controls

The US Attorney for the Northern District of Illinois has charged Mr. Nicholas Kaiga, 36, who resides in Belgium and London, with one count of violating the International Emergency Economic Powers Act ("IEEPA") and two counts of making false statements on US export forms.

The investigation began in December 2007 and focused on Mr. Kaiga's efforts to export a type of aluminium tubing used in the aerospace industry. The export of this aluminium tubing to certain countries requires a licence from the Commerce Department's Bureau of Industry and Security. The resulting investigation, involving undercover government agents and the cooperation of a

US company, led US law enforcement officials to believe that Mr. Kaiga attempted, on several occasions, to bypass the requirements for an export licence by indicating to US export officials that the destination of the tubes was Belgium, which would not require a licence, when actually, according to the US government, the intended recipient was a company in Malaysia that operates as a front for an Iranian individual. Mr. Kaiga was arrested in New York City on 25 June.

Violating the IEEPA carries a maximum penalty of 20 years in prison and a \$1m fine, while making false statements to government agencies carries a maximum penalty of five years in prison and a \$250,000 fine.

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If convicted, the court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The case is US v. Kaiga, 13-cr-00531, US District Court, Northern District of Illinois (Chicago).

The FBI press release can be viewed at: <http://www.fbi.gov/chicago/press-releases/2013/belgian-man-charged-with-attempting-to-illegally-export-aluminum-tubes-to-malaysian-front-for-individual-in-iran>

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US May Consider Resuming Military Aid to Rwanda

US President Barack Obama has issued a Presidential Memorandum waiving the application of certain sanctions, primarily the prohibition of military training assistance, under the Child Soldiers Prevention Act of 2008 imposed on Libya, South Sudan, Yemen and, in part only, the Central African Republic. Two days later, State Department spokeswoman Marie Harf noted that Rwanda was not granted a waiver because of Rwandan government support for the rebel group M23, which continues to abduct and recruit children. However, on 6 November, in a meeting with journalists, Russ Feingold, US Special Envoy for the Great Lakes Region, stated that the US would reconsider and grant Rwanda a waiver “if it turns out that Rwanda is no longer involved in such activities.”

The Presidential Memorandum is available at: <http://www.whitehouse.gov/the-press-office/2012/09/28/presidential-memorandum-presidential-determination-respect-child-soldier>

The State Department press briefing can be viewed at: <http://www.state.gov/r/pa/prs/dpb/2013/10/215092.htm#CHILDSOLDIERSPREVENTIONACT>

A transcript of Russ Feingold’s briefing with reporters can be viewed at: <http://translations.state.gov/st/english/texttrans/2013/11/20131106285920.html#axzz2kB9Cw5dT>

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Deutsche Börse Pays \$151.9m to Settle Iran Sanctions Probe into its Clearstream Banking Unit

Deutsche Börse, the German stock exchange operator, stated that it had paid the US Treasury Department’s Office of Foreign Assets Control (“OFAC”) \$151.9m in a settlement. This settlement was agreed in response to OFAC’s findings in a preliminary investigation into the potential sanctions violations committed by Deutsche Börse’s Clearstream Banking SA (“Clearstream”) unit in 2008.

The violations are said to have occurred in connection with certain securities transfers within

the bank’s settlement system related to Clearstream’s 2007 decision to close its Iranian customers’ accounts, according to Deutsche Börse. OFAC initially threatened to impose a fine as high as \$340m.

The Deutsche Börse press release can be viewed at: http://deutsche-boerse.com/dbg/dispatch/en/listcontent/dbg_nav/investor_relations/ContentFiles/10_adhoc/ad_hoc_7nov2013.htm

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US Urged to Update SDN List in Respect of Burma

In a recent open letter to US President Barack Obama, 37 organisations urged the administration to keep its Specially Designated Nationals (“SDN”) list up-to-date and in line with the administration’s own intelligence regarding human rights violators in Burma. Lisa Misol, senior business and human rights researcher at Human Rights Watch, said that “as American and other investors move into Burma, they need up-to-date information so they won’t risk becoming partners with people tainted by serious human rights abuses and corruption”.

The letter proposes providing public criteria for the removal from or addition to the SDN list. Steps suggested include the ceasing of conduct sanctioned under Executive Order 13619, providing

public accounting of all such actions in the past and providing restitution or just and satisfactory compensation.

The open letter to the President can be downloaded at: http://www.hrw.org/sites/default/files/related_material/JointLetterObamaUpdatingBurmaFinancialSanctions_0.pdf

Executive Order 13619 is available at: <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/13619.pdf>

An article by the Associated Press on this issue can be viewed at: <http://www.irrawaddy.org/burma/united-states-burma-sanctions-list-languishes.html>

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OFAC Targets Individuals and Businesses Tied to Mexican Narcotics Trafficker

OFAC announced that it was adding one individual and 20 entities to the SDN list based on their alleged ties to Rafael Caro Quintero, a major Mexican narcotics trafficker, pursuant to the Foreign Narcotics Kingpin Designation Act. He was convicted in Mexico of the murder of an agent of the Drug Enforcement Administration and is still wanted by US law enforcement on related charges. Rafael Caro Quintero was released from a Mexican prison earlier this year with 12 years remaining on his sentence. During his time in prison, the US government believes that

he invested his fortune from narcotics trafficking into seemingly legitimate businesses in Guadalajara, Mexico.

The Treasury Department press release can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2200.aspx>

The current version of the SDN list is available at: <http://www.treasury.gov/sdn>

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OFAC Issues General Licence Allowing the Sale of an Iranian Ship

OFAC issued a General Licence No.5c, and also other general licences under the Weapons of Mass Destruction Proliferators Sanctions Regulations and the Iranian Transactions Regulations, authorising activities related to the sale of the MV Dianthe (f.k.a. Horsham, f.k.a. Iran Bam, IMO No. 9323833), a vessel on the SDN list. The vessel remains under arrest in Mumbai, India.

The Treasury Department announcement can be viewed at: http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20131030_33.aspx

The current version of the SDN list is available at: <http://www.treasury.gov/sdn>

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OFAC Targets Individuals and Businesses Linked to Eurasian Crime Syndicate

OFAC, pursuant to Executive Order 13581, which targets transnational criminal organisations, added six individuals and four entities linked to the Brothers' Circle, a crime syndicate that coordinates the activities of numerous criminal groups in the former Soviet Union, to the SDN list. These designations target the individuals and businesses related to two key members of the organisation, Vladislav Leontyev and Gafur Rakhimov.

The Treasury Department press release can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2196.aspx>

The current version of the SDN list is available at: <http://www.treasury.gov/sdn>

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OFAC Targets a Narcotics Money Laundering Group in Spain

OFAC designated Luis Santiago Calle Quiros, a dual citizen of Spain and Peru, and his wife, Spanish national Maria Paloma Rodriguez Badillo, as well as five related entities in Spain and Peru, as Specially Designated Narcotics Traffickers ("SDNT") pursuant to the Foreign Narcotics Kingpin Designation Act. According to US government officials, these individuals conduct the Spanish operations of the money laundering network of Colombian national Isaac Perez Guberek Ravinovicz by facilitating the transfer of proceeds

from the sale of narcotics in Spain back to narcotics traffickers in Colombia.

The Treasury Department press release can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2193.aspx>

The current version of the SDN list is available at: <http://www.treasury.gov/sdn>

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