

# **Sanctions Alert**

A bi-monthly summary of sanctions news and developments

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## Breaking News

### Iran Reaches Deal on Sanctions and Nuclear Weapons

On 24 November 2013, after weeks of negotiation, Iran and the E3/EU+3 (US, China, Russia, Germany, France, UK) reached a two-stage agreement under which Iran will pull back on and open up its nuclear programme in return for a relaxation of international sanctions.

Over the next six months, in return for Iran's continued cooperation, the E3/EU+3 will:

- Pause efforts to further reduce Iran's crude oil sales, suspend sanctions on insurance and transport services related to these sales, and allow about \$4.2 billion of Iranian oil revenue to be returned to Iran (though this revenue appears to relate mainly to prospective oil sales; the roughly \$100 billion of Iranian funds currently subject to restrictions will for the most part remain frozen);
- Suspend EU/US sanctions on petrochemical exports (and associated services) – though not oil and natural gas exports;
- Suspend EU/US sanctions on gold and precious metals, and US sanctions on the automobile industry;
- Issue no further EU, US or UN nuclear-related sanctions;
- Allow the supply of certain parts and services to Iran's airline industry (though restrictions on shipping will not be lifted);
- Facilitate a financial channel for humanitarian trade (similar to the Iraq Oil for Food programme) and enable payments of Iran's UN obligations and payments for Iranian students studying abroad; and
- Increase the EU threshold level of authorisation for non-sanctioned transactions from the current €40,000.

If Iran keeps to its side of the bargain, within a year of the agreement the parties will “commence implementing” the comprehensive lifting of UN nuclear-related sanctions. The agreement contains no explicit promise regarding the comprehensive lifting of EU and US sanctions, but this is clearly the implicit promise being held out to Iran, and European ministers have stated that national and multilateral sanctions could also be lifted.

The agreement does not affect human rights related sanctions on Iran, which remain in full force, nor does it appear to affect sanctions on the Iranian banking sector or US laws prohibiting nearly all trade between Iran and the US.

It is not yet clear when the agreed measures will come into effect, as necessary legislative steps still need to be carried out by both the US and the EU; according to Sky News, the French Foreign Minister expects EU ministers to take the necessary steps within the next few weeks. Determining which revenue, prospective or retrospective, can be unfrozen, may require some complicated agreements between the EU and the US.

We will keep you informed as to further developments in upcoming Sanctions Alerts.

A copy of the *Joint Plan of Action* can be viewed at: <http://justsecurity.org/wp-content/uploads/2013/11/Iran-Nuclear-Agreement-Joint-Plan-of-Action.pdf>

The Fact Sheet published by the White House regarding the above deal can be viewed at: <http://www.whitehouse.gov/the-press-office/2013/11/23/fact-sheet-first-step-understandings-regarding-islamic-republic-iran-s-n>

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## European News

### EU Re-imposes Quashed Sanctions on Iranian Entities

Prior to the Joint Plan of Action between Iran and the E3/EU+3, the EU re-imposed asset-freezing sanctions on a number of Iranian entities and persons that had their sanctions quashed by court order on 6 September 2013. The entities and persons which have been re-listed are Persia International Bank, Export Development Bank of Iran, Iran Insurance Company, Post Bank Iran, Bank Refah Kargaran, Naser Bateni, Good Luck Shipping LLC and Iranian Offshore Engineering & Construction Co. Hanseatic Trade Trust & Shipping (HTTS) GmbH has also been included on the list of persons and entities subject to restrictive measures.

An article regarding this issue can be viewed at:

<http://www.reuters.com/article/2013/11/14/us-iran-nuclear-eu-idUSBRE9AD0ZI20131114>

Council Decision 2013/661/CFSP, which amended Decision 2010/413/CFSP, can be viewed at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:306:0018:0020:EN:PDF>

Council Decision 2010/413/CFSP can be viewed at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:195:0039:0073:EN:PDF>

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### EU Modifies Somali Arms Embargo

The EU has followed the UN Security Council in adopting a number of exemptions from the arms embargo against Somalia. The exemptions relate to arms and related materials intended for the support of or use by a number of bodies, including the Somali government and UN, EU and African Union missions in Somalia, as well as arms and related materials intended for anti-piracy effort or for the security of the Somali people.

Council Decision 2013/659/CFSP, which amended Decision 2010/231/CFSP, can be viewed at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:306:0015:0016:EN:PDF>

Council Decision 2010/231/CFSP can be viewed at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:105:0017:0021:EN:PDF>

The UN Resolution can be viewed at:

<http://www.un.org/News/Press/docs/2013/sc11075.doc.htm>

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## US News

### Senators Introduce Bill to Expand Syria Sanctions

On 14 November 2013, US Senators Richard Blumenthal (Democrat of Connecticut) and Kelly Ayotte (Republican of New Hampshire), joined by Senators John Cornyn (Republican of Texas) and Bob Casey (Democrat of Pennsylvania), introduced the Syria Sanctions Enhancement Act of 2013. This bill, if passed, would incorporate in primary legislation the recent sanctions imposed on Syria through executive orders, prohibit entities that provide arms to the Syrian government from having procurement contracts with the US government, and impose sanctions on domestic and foreign financial institutions for certain transactions involving Syria. Senator Blumenthal stated

that the bill is meant to target financial services being provided to the Syrian government by Russian banks.

A press release from Senator Blumenthal's office can be viewed at: <http://www.blumenthal.senate.gov/newsroom/press/release/blumenthal-ayotte-cornyn-casey-introduce-bill-to-update-enhance-existing-sanctions-against-syrian-regime>

The draft bill can be viewed at: <http://blumenthal.senate.gov/download/hey13518>

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### US Court Denies Terrorism Victim Claims Against Blocked Funds

The United States Court of Appeals for the District of Columbia Circuit ruled on 19 November 2013 that victims of a terrorist act sponsored by Iran could not attach funds not belonging to the Iranian government which had been frozen at Bank of America and Wells Fargo because of a connection with Iran. Bank of America and Wells Fargo, acting as intermediary banks for electronic funds transfers, blocked the funds because the beneficiaries' banks were Iranian. The plaintiffs argued that they were entitled to attach the funds under a provision of US federal law that allows victims of terrorism who have obtained a judgment against a designated state sponsor of terrorism to execute the judgment against blocked assets of the defendant state. The Court of Appeals held that because the funds transfers were blocked at the intermediary banks, the Iranian beneficiary

banks never received legal title to the money being transferred. Thus, Iran lacked an ownership interest in the accounts, and the plaintiffs could not attach them. In so ruling, the Court of Appeals resolved an inconsistency that had existed in the case law at the District Court level, as some judges had held that blocked funds could be attached even in the absence of an Iranian government interest. The Court of Appeals did not address whether the Iranian banks could be treated as the equivalent of the Government of Iran if they had had an ownership interest in the funds.

The decision in the case, *Estate of Heisner v Islamic Republic of Iran*, is available at: [http://www.cadc.uscourts.gov/internet/opinions.nsf/DAF6C35CD6896B9785257C2800534091/\\$file/12-7101-1466800.pdf](http://www.cadc.uscourts.gov/internet/opinions.nsf/DAF6C35CD6896B9785257C2800534091/$file/12-7101-1466800.pdf)

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## OFAC Targets Security Chief of Mexican Drug Ring

The US Treasury Department announced that it was adding Arnoldo Villa Sanchez and his associate, Miguel Loza Hernandez, as well as Mr. Sanchez's company, Sistemas Elite de Seguridad Privada, to the list of Specially Designated Nationals ("SDN list") pursuant to the Foreign Narcotics Kingpin Designation Act. Mr. Sanchez and his company provide security services to Hector Beltran Leyva, the leader of the Beltran Leyva drug trafficking organisation.

The Treasury Department press release can be viewed at: <http://www.treasury.gov/press-center/press-releases/Pages/jl2218.aspx>

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

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## US Designates Nigerian Groups Boko Haram and Ansaru as Foreign Terrorist Organisations

The White House and the State Department announced on 13 November 2013 that the United States had designated the Nigeria-based Boko Haram and a splinter group, Ansaru, as Foreign Terrorist Organisations for committing dozens of attacks on civilians in Nigeria, including the 2011 suicide bombing of the U.N. building in Abuja, Nigeria. The Treasury Department's Office of Foreign Assets Control subsequently reflected this designation in the SDN list.

The White House press release can be viewed at: <http://www.whitehouse.gov/the-press-office/2013/11/13/statement-assistant-president-homeland-security-and-counterterrorism-lis>

The State Department press release can be viewed at: <http://www.state.gov/r/pa/prs/ps/2013/11/217509.htm>

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

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## **Other News**

### Governments May Release Frozen Syrian Funds for Food Aid

Syria's General Foreign Trade Organisation ("GFTO") has reportedly stated that Syrian bank accounts abroad whose assets have been frozen as a result of sanctions imposed on the Assad regime are gradually being freed up for food purchases. According to Reuters, French banks are among the first to start funding the food purchases, but sellers are slow to come forward

because of political and economic uncertainties.

An article regarding this issue can be viewed at: <http://www.reuters.com/article/2013/11/17/syria-food-idUSL5N0J20BN20131117>

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# Sanctions Alert

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