

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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European News

EU Reimposes Sanctions on Iran Shipping Lines

Pursuant to Council Decision 2013/685/CFSP, the European Council has relisted the Islamic Republic of Iran Shipping Lines (“IRISL”) and a number of companies that are owned by, controlled by, acting on behalf of, or providing essential services to, IRISL. IRISL and the other companies had their sanctions annulled by the General Court of the European Union on 16 September 2013. The General Court annulled the listings on the basis that the Council failed to provide sufficient evidence to show that the named companies provided support for nuclear proliferation. However, the Council relisted the companies on the basis of “new statements of reasons concerning each of those entities”.

As well as IRISL, the relisted entities are: Bushehr Shipping Company Limited, Hafiz Darya Shipping Lines, Irano Misr Shipping Company, Irinvestship Ltd, IRISL (Malta) Ltd, IRISL

Europe GmbH, IRISL MarineServices and Engineering Company, ISI Maritime Limited, Khazar Shipping Lines, Marble Shipping Limited, Safiran Payam Darya (SAPID) Shipping Company, Shipping Computer Services Company, Soroush Saramin Asatir, South Way Shipping Agency Co. Ltd, and Valfajr 8th Shipping Line.

The Council also noted that following judgments of the General Court, Iran Transfo, Sakhte Turbopomp va Kompessor and Oil Turbo Compressor Co. are no longer subject to restrictive measures.

[Council Decision 2013/685/CFSP \(PDF\)](#), which amended council decision 2010/413/CFSP

[Council Decision 2010/413/CFSP \(PDF\)](#)

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Recent ECJ Decisions Regarding Iran Sanctions

Two decisions have been handed down by the European Court of Justice regarding appeals brought by the European Council in respect of General Court judgments annulling the listings of two companies on the EU sanctions list. In *Council v Fulmen & Fereydoun Mahmoudian*, the applicant had allegedly been involved in the installation of electrical equipment on the Qom/Fordoo site in breach of Iran sanctions. The ECJ upheld the General Court’s decision on the basis that insufficient evidence had been adduced by the Council to show that the applicant had been involved in the installation.

In *Council v Manufacturing Support & Procurement Kala Naft*, the applicant was alleged to have sold equipment for the oil and gas sector which could

be used for Iran’s nuclear programme. The ECJ set aside the General Court’s annulment on various grounds including that Article 7(2)(a) of Regulation No 423/2007, which prohibits “engagement in, direct association with or the provision of support for, Iran’s proliferation-sensitive nuclear activities”, covers the “procurement of or trade in goods and technology linked to the gas and oil industry in Iran”.

[The judgment of Council v Fulmen & Fereydoun Mahmoudian](#)

[The judgment of Council v Manufacturing Support & Procurement Kala Naft](#)

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US News

Weatherford International Settles Liability for Multiple Sanctions and Export Controls Violations

Weatherford International, a Swiss oilfield services company that trades on the New York Stock Exchange, and several of its subsidiaries and affiliates have settled with the US Treasury Department's Office of Foreign Asset Control ("OFAC"), the US Commerce Department's Bureau of Industry and Security ("BIS") and the US Attorney's Office for the Southern District of Texas ("USAO") for multiple sanctions and export controls compliance violations. OFAC alleged that Weatherford violated (i) the Cuban Assets Control Regulations by engaging in 441 transactions totalling nearly \$70 million to provide oilfield equipment and services to sanctioned entities and persons in Cuba; (ii) the Iranian Transactions and Sanctions Regulations by providing oilfield services in Iran totalling \$23 million; and (iii) the Sudanese Sanctions Regulations by conducting its oilfield services business in Sudan, including 45 transactions totalling \$300k. BIS alleged the same violations and also that Weatherford exported items to Venezuela and Mexico controlled under nuclear non-proliferation export restrictions.

Weatherford settled with OFAC for \$91,026,450, reflecting that OFAC determined Weatherford's conduct was wilful. It settled with BIS for \$50 million, which was the single largest civil penalty ever levied

by BIS, and it paid a \$48 million monetary penalty pursuant to a deferred prosecution agreement with the USAO as well as \$2 million in criminal fines. The \$91 million settlement with OFAC was deemed satisfied by the \$100 million assessed under the settlements with the USAO and BIS.

At the same time, in addition to the alleged sanctions violations, Weatherford also settled allegations that it violated the Foreign Corrupt Practices Act. The settlement involved \$87.2 million in fines under an agreement with the US Department of Justice and an additional \$65.6 million in penalties under an agreement with the Securities and Exchange Commission. In total, Weatherford was assessed \$252,690,606 in penalties and fines.

[OFAC's enforcement information release \(PDF\)](#)

[The Treasury Department's press release](#)

[BIS' press release](#)

[DOJ's press release](#)

[SEC's press release](#)

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Compass Bank Settles Liability for Violation of Sudanese Sanctions Regulations

Compass Bank of Birmingham, Alabama, agreed to pay \$19,125 to settle with OFAC an alleged violation of the Sudanese Sanctions Regulations. On 15,000. The transfer went to a third-country company's account at the UK financial institution, and the funds were ultimately intended as payment for the shipment of a tractor from the UK to Omdurman, Sudan. Both an OFAC Assistant Manager and BSA OFAC Manager reviewed the wire transfer request at Compass Bank and, mistakenly, concluded that the underlying purpose of the payment was authorised pursuant to a general licence. OFAC determined that the apparent violation

was a non-egregious case and that the mitigating factors included that another institution successfully interdicted and rejected the transaction, Compass Bank cooperated in the investigation, and Compass Bank took appropriate remedial action. OFAC found as an aggravating factor that Compass Bank managers with primary responsibility for compliance demonstrated a lack of understanding of the Sudanese Sanctions Regulations.

[OFAC's enforcement information release \(PDF\)](#)

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Sanctions Force Cuba to Interrupt Consular Services in the US

On 26 November 2013, the Cuban Interests Section (the "Section") in Washington, DC, which functions as Cuba's de facto embassy in the US, announced the discontinuation of all consular services except for humanitarian cases and other limited circumstances, claiming that the Section was unable to find a new banking services provider in the US. On 12 July 2013, the Section's previous bank, M&T Bank, informed the Section that it would no longer provide banking services to foreign missions. The Section has cited US sanctions against Cuba as the reason for its difficulties and asserted that, although the US Department of State has made "numerous efforts" to assist the Section, the US government has not complied with a legal duty

to accord full facilities for the performance of the functions of the consular office. On 6 December 2013, according to the Section, M&T Bank extended the deadline for the Section to close its accounts, allowing the Section to resume full consular services until 1 March 2014.

[The Cuban Interests Section press release dated 26 November 2013](#)

[The Cuban Interests Section press release dated 9 December 2013](#)

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OFAC Removes Persons and Entities from SDN List

On 26 November 2013, OFAC removed 11 persons and entities from the SDN List. The individuals and entities had originally been added to the SDN List pursuant to the Counter Narcotics Trafficking Sanctions.

[OFAC's announcement of the removals](#)

[A current version of the SDN list](#)

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UN News

Security Council Adds One Entry and Removes Another from Al-Qaida Sanctions List

The UN Security Council Committee added Abd-Al-Hamid Al-Masli, an individual associated with Al-Qaida, to its Al-Qaida sanctions list. Accordingly, the UN assets freeze, travel ban and arms embargo shall apply to this individual.

Further, the UN Security Council Committee removed Youcef Abbes 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 regarding Abd-Al-Hamid Al-Masli](#)

[The announcement regarding Youcef Abbes](#)

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Other News

Iran May Consider Production Sharing Agreements for Caspian Sea Resources

According to the Wall Street Journal, Iran may consider entering into production sharing agreements with foreign companies for resources in the Caspian Sea, which is reported to have "possible reserves" of 10 billion barrels of crude oil. Such actions, as well as recent meetings between the Iranian Oil Minister and European energy companies such as Eni, Shell, Vitol and OMV, demonstrate efforts by Iran to re-engage

with foreign oil companies once sanctions are ultimately lifted.

[An article regarding this issue](#)

[An article regarding recent meetings between European energy companies and the Iranian Oil Minister](#)

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