

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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UK News

Bank Mellat Sues the UK Government for up to £2 Billion over Sanctions

According to Reuters, Bank Mellat, Iran's largest private bank, has filed a claim against the UK government for up to £2 billion in damages after the Supreme Court annulled sanctions imposed against it over alleged connections with Iran's nuclear programme. As a result of the sanctions, Bank Mellat claims that it has suffered significant pecuniary loss and reputational damage, as well as loss of profitable business, customers, banking relationships and dealing services.

The European Union's General Court also annulled the sanctions against Bank Mellat on the ground that the Council of the European Union failed to provide sufficient information to support its allegations. However, an appeal is currently pending in the European Court of Justice and Bank Mellat's European operations remain closed.

[Reuters article regarding this issue](#)

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HM Treasury Publishes Response to Anderson's Third Report

HM Treasury ("HMT") recently published its response to the Third Report on the Operation of the Terrorist Asset-Freezing Etc. Act 2010 ("TFAFA 2010") by David Anderson QC, the government's independent reviewer of terrorist legislation. HMT responded to two recommendations in the Report.

First, Anderson recommended that "[h]igh-level consideration" be given to the practical role that TFAFA 2010 may expect to operate in the fight against terrorism. HMT stated that it recognised the importance of this issue and would continue "senior-level interdepartmental discussions" to ensure that the government's terrorist asset freezing powers can be used to the best effect.

Second, Anderson recommended that mechanisms be put in place to ensure designation under TFAFA 2010 is considered in all cases where it could be beneficial, such as where deportation and deprivation of citizenship are contemplated on national security grounds. HMT agreed with the recommendation and said it would continue to work closely with law enforcement and security agencies.

[The Government's response to Third Report \(PDF\)](#)

[Third Report on the operation of TFAFA 2010 \(PDF\)](#)

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EU News

EU to Unfreeze Syrian Funds Intended for Use in Destruction of Chemical Weapons

The European Union has adopted Council Regulation (EU) No 124/2014 which amends Council Regulation (EU) No 36/2012 concerning restrictive measures affecting Syria. Pursuant to the amendment, certain frozen assets may be released if they are “intended exclusively for payments by Syrian State-owned entities or the Central Bank of Syria...on behalf of the Syrian Republic to the OPCW [Organisation for the

Prohibition of Chemical Weapons] for activities related to the OPCW verification mission and the destruction of Syrian chemical weapons”.

[Council Regulation \(EU\) No 124/2014, which amends Council Regulation \(EU\) No 36/2012 \(PDF\)](#)

[Council Regulation \(EU\) No 36/2012 \(PDF\)](#)

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EU Extends Tunisia Sanctions

The European Union has amended Council Decision 2011/72/CFSP and Council Regulation (EU) No 101/2011 concerning restrictive measures affecting Tunisia so that the restrictive measures will remain in place until 31

January 2015. Further, the statement of reasons which sets out the grounds for the sanctions has been amended for each of the 45 listed persons. Each person is now designated because they are “subject to judicial investigations by the Tunisian authorities for complicity in the misappropriation of public monies by a public office-holder, complicity in the misuse of office by a public office-holder to procure an unjustified advantage of a third party and to cause a

loss to the administration, and complicity in exerting wrongful influence over a public office-holder with a view to obtaining directly or indirectly an advantage for another person”.

[Council Decision 2014/49/CFSP, which amends Council Decision 2011/72/CFSP \(PDF\)](#)

[Council Decision 2011/72/CFSP \(PDF\)](#)

[Council Regulation \(EU\) No 81/2014, which amends Council Regulation \(EU\) No 101/2011 \(PDF\)](#)

[Council Regulation \(EU\) No 101/2011 \(PDF\)](#)

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EU Court Confirms Lebanese Bank Subject to Syria Sanctions

On 4 February 2014, the General Court of the European Union confirmed the inclusion of the Syrian Lebanese Commercial Bank (“SLCB”), a Lebanese bank owned by the Commercial Bank of Syria (“CBS”), in the list of entities subject to the restrictive measures against Syria on the basis that:

- 84.2% of SLCB’s capital is held by CBS, which enables CBS to control SLCB’s AGM; and
- CBS gives financial support, as a bank wholly owned by the State, to the Syrian regime.

Further, the General Court held that the supervision of SLCB by Banque du Liban was irrelevant as that supervision extended only to funds held by SLCB in Lebanon, not in the EU.

[General Court Press Release No 13/14 \(PDF\)](#)

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US News

US Introduces New Foreign Sanctions Evaders List, Designates 3 Individuals and 8 Entities

On 6 February 2014, the US Treasury Department’s Office of Foreign Assets Control (“OFAC”) introduced the Foreign Sanctions Evaders List (the “FSE List”) to identify persons designated under Executive Order (E.O.) 13608, which authorises sanctions against persons engaging in conduct relating to the evasion of US economic and financial sanctions imposed against Iran or Syria. Such persons are designated with the programme tags [FSE-IR] for Iranian sanctions evaders or [FSE-SY] for Syrian sanctions evaders.

OFAC had previously designated one entity and one individual as foreign sanctions evaders, but both of them were also on the Specially Designated Nationals and Blocked Persons List (the “SDN List”). On 6 February, however, OFAC for the first time designated 3 individuals and 8 entities that were not also designated on the SDN List. This necessitated the creation of the new FSE List. The two previously

designated foreign sanctions evaders now appear on both the SDN List and the FSE List.

Generally, any transactions by US persons, wherever located, or through the US, are prohibited if they involve the provision or procurement of goods or services, including financial services and technology, to or from a person on the FSE List, unless licensed or exempted. Their property, however, is not blocked unless they also appear on the SDN List. As a result, it is now necessary to check both the SDN List and the FSE List, as well as any applicable country-based regulations, to determine if dealing with a particular individual or entity is forbidden. The FSE List will be available in many of the same file formats as the SDN List, the layout of names will be identical to the SDN List and data standards will be in line with existing SDN List data standards. The FSE List will be updated periodically as necessary.

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The newly designated foreign sanctions evaders are the individuals Pourya Nayebi, Houshang Hosseinpour, and Houshang Farsoudeh and eight companies owned or controlled by them. According to the US Treasury Department, the individuals established an international financial network to facilitate transactions for sanctioned Iranian entities. Among other things, OFAC alleges, the three individuals acquired a bank

in the Republic of Georgia with correspondent ties to other financial institutions, which they used to conduct transactions with Iranian banks without filing required reports with Georgian regulatory authorities.

[OFAC announcement on the new FSE List](#)

[Treasury press release on the new designations](#)

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US Amends Iran General Licence for Personal Communications Exports

On 7 February 2014, the Secretary of the Treasury, in consultation with the Departments of State and Commerce, amended Iran General Licence D. The amended licence is known as General Licence D-1. General Licence D was originally issued on 30 May 2013 and authorised the export and re-export to Iran of certain hardware, software and services incident to personal communications. The amendments incorporated in the amended General Licence D-1 clarify certain aspects of the general licence and add new authorisations. The primary changes include an expansion of the authorisation for exports of covered equipment to Iran to include exports by non-US persons located outside the US, a new authorisation

for the importation by an individual to the US of certain hardware and software previously exported by that individual to Iran (e.g., an individual may bring a smartphone that is covered by the general licence into and out of Iran on travel), and a new authorisation for exportation of certain publicly available, no-cost services and software.

[OFAC Announcement](#)

[OFAC Q&A](#)

[Iran General Licence D-1 \(PDF\)](#)

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US Reportedly Set to Ease Sanctions Against Iranian Government Broadcaster

According to the Associated Press, a senior Obama administration official who spoke on condition of anonymity has said the US is temporarily and reversibly waiving sanctions imposed against Iran's state broadcaster, Islamic Republic of Iran Broadcasting ("IRIB"). The US reportedly took this decision after determining that IRIB was not responsible for blocking

foreign satellite broadcasts. This action was not part of the easing of sanctions included in the Joint Plan of Action agreed between Iran and the P5+1 powers.

[AP article regarding this issue](#)

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US Makes New Narcotics, Terrorism Designations

On 14 February 2014, OFAC designated the medical supply company Distribuidora e Productos Medicos del Norte and its principal shareholder, Juanita del Carmen Rios Hernandez, under the Foreign Narcotics Kingpin Designation Act (the “Kingpin Act”). Hernandez is the spouse of Miguel Angel Trevino Morales, the leader of the Los Zetas drug cartel, who is jailed in Mexico and was himself designated by OFAC on 20 July 2009. President Obama designated Los Zetas as a significant foreign narcotics trafficker under the Kingpin Act in April 2009 and a significant Transnational Criminal Organisation under Executive Order (E.O.) 13581 in July 2011. The designation of Hernandez and her company is the fifth designation targeting the Los Zetas cartel since mid-2013.

Separately, on 11 February 2014, OFAC designated Lahore Jan, an Afghan national, and his money transfer business (hawala), the Lahore Jan Shanwari Exchange, under the Kingpin Act. According to the US, Lahore Jan is the primary money exchanger for major heroin traffickers, conducting money transfer transactions in Afghanistan, Pakistan, the United States, the United Kingdom, China and the United Arab Emirates. The US also asserts that Lahore Jan is a heroin producer and trafficker himself, operating a heroin production operation in Nangarhar Province, Afghanistan. According to the Treasury Department’s press release, the investigation that led to these designations was a collaborative effort between US federal law enforcement agencies and the Afghan Threat Finance Cell, which is an interagency fusion centre that collects and disseminates information on individuals

and organisations involved in financing the Afghan insurgency.

On 5 February 2014, the Treasury Department designated three senior members of the Haqqani Network (“HQN”) as Specially Designated Global Terrorists under Executive Order (E.O.) 13224. According to the US government, Saidullah Jan, Yahya Haqqani and Muhammad Omar Zadran are senior members of the HQN’s financial and support networks. Saidullah Jan has provided logistical support to the HQN and travelled with other senior members on fundraising trips to Saudi Arabia, and he has reportedly been trusted by Al-Qaida for help; Yahya Haqqani has been closely involved in the HQN’s military, financial and propaganda activities, having provided significant facilitation activities in support of HQN’s attacks and other activities; and Muhammad Omar Zadran, in addition to his participation in the preparation and planning of HQN attacks, has also been designated by the US for his believed ties to the Taliban. Each of these individuals has connections with other members of the HQN already designated as Specially Designated Global Terrorists. There are now 14 members of the HQN designated under E.O. 13224.

[Treasury press release on Los Zetas designation](#)

[Treasury press release on Afghan heroin trafficker designation](#)

[Treasury press release on Haqqani Network designations](#)

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Glove Maker Ansell Settles Predecessor's Violations of Iran Export Controls

On 31 January 2014, two subsidiaries of Ansell Ltd. entered into settlements with the US Commerce Department's Bureau of Industry and Security ("BIS") to resolve charges that they had exported 65,000 pairs of industrial strength nitrile gloves from the US to Iran without authorisation. The gloves, worth about \$73,500 in total, were exported on four occasions in 2008 and 2009 to Zhabeheh Safety Co. in Tehran, according to BIS. BIS stated that the exports to Iran were made by the US-based company Marigold Industrial USA Inc. ("Marigold"), a predecessor to Ansell Protective Products Inc., with the assistance of its French affiliate Comasec SAS ("Comasec").

The alleged violations occurred before Ansell acquired Marigold and Comasec. Under the settlement, Ansell Protective Products Inc. and Comasec SAS agreed to pay civil penalties of \$190,000.

[Law360 article about the settlement](#)

[Ansell/Marigold penalty order and settlement agreement \(PDF\)](#)

[Comasec penalty order and settlement agreement \(PDF\)](#)

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US Removes 3 Individuals, Including Acquitted ICTY Defendants, from Balkans List

On 7 February 2014, OFAC removed Ante Gotovina, a former Croatian military leader, from the SDN List. Gotovina had previously been designated pursuant to Executive Order (E.O.) 13219, which targeted individuals that had perpetrated significant violence in the former Yugoslavia, threatened regional stability, or obstructed implementation of the Dayton Accords in Bosnia or United Nations Security Council Resolution 1244 in Kosovo. Gotovina was indicted by the International Criminal Tribunal for the former Yugoslavia ("ICTY") but was acquitted of all charges in November 2012.

Also removed from the SDN List was Naser Orić, a former military leader of the Republic of Bosnia and

Herzegovina, who also had been acquitted by the ICTY. At the same time, OFAC removed Mirko Šarović, a former Bosnian Serb politician, from the SDN list.

On 6 January 2014, Gotovina had filed suit against the government in US District Court for the District of Columbia, seeking an order that he should be removed from the SDN List by reason of his acquittal. According to his complaint, Gotovina had asked OFAC in April 2013 to remove him from the list, but OFAC had not responded. OFAC removed Gotovina from the SDN List before the case was heard.

[OFAC announcement](#)

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US Targets Networks Linked to Iran Proliferation Activities

On 6 February 2014, the US Secretary of the Treasury designated several individuals and entities for sanctions under Executive Orders (E.O.) 13224 and 13382, which not only prohibit transactions between designated persons and US persons but also require the blocking of any property and interests in property of the designated individuals under US jurisdiction.

Pursuant to E.O. 13382, which targets proliferators of weapons of mass destruction and their supporters, the Treasury Department designated Ali Canko, a Turkish citizen, for his assistance to the Tiva Sanat Group, an Iran-based organisation that seeks to acquire foreign technology and components. Advance Electrical and Industrial Technologies SL, a Spanish company, and its sole shareholder Pere Punti, a Spanish citizen, were designated for involvement in the procurement of specialised equipment and materials that have direct application to Iran's nuclear program. Also designated was DF Deutsche Forfait Aktiengesellschaft,

its US subsidiary and a board member, Ulrich Wippermann, for providing or attempting to provide financial, material or other support to Iran's Islamic Revolution Guards Corp (the "IRGC").

Pursuant to E.O. 13224, the Treasury Department targeted multiple entities and individuals linked to the financing and activities of Mahan Air, a sanctioned Iranian airline. The sanctioned entities include two UAE-based companies, Blue Sky Aviation Co FZE and Avia Trust FZE, and three related individuals, Hamidreza Malekouti Pour, Pejman Mahmood Kosarayanifard and Gholamreza Mahmoudi. Also designated under E.O. 13224 are multiple individuals the US believes are involved in the IRGC's efforts in Afghanistan as well as an individual believed to be a key al-Qaida facilitator based in Iran.

[Treasury press release](#)

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UN News

Security Council Amends 9 Entries in 1988 Taliban List

The UN Security Council Committee has amended 9 entries in its 1988 Taliban List, including updating personal information of individuals listed and details regarding their travel documents.

[Security Council announcement 11272](#)

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Other News

Debevoise & Plimpton LLP Co-hosts Chatham House Sanctions Symposium

On 13 February 2014, Debevoise & Plimpton LLP, in association with Chatham House and the UK Foreign & Commonwealth Office, hosted a symposium on the “Implementation of Economic Sanctions: Commercial and Public Policy Perspectives”. Speakers from the UK and US Governments, Debevoise, and business representatives discussed practical issues arising from the implementation of increasingly complex sanctions regimes and the ability of those regimes to respond to

commercial reality. The panel addressed challenges such as the chilling effect of extensive sanctions regimes, their extraterritorial effect, their impact on specific industries, their enforcement and their effectiveness. The meeting concluded that there was scope for greater co-ordination and communication both between regulators, and between regulators and businesses.

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