

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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Russia News

EU Adds 11 Individuals to Ukraine Sanctions List

The EU has amended Council Regulation (EU) No. 269/2014 in order to add the following individuals to Annex I: Aleksandr Yurevich Borodai, Alexander Khodakovsky (also designated by Canada), Alexandr Aleksandrovich Kalyusky, Alexander Khryakov, Marat Bashirov, Vasyi Nikitin, Aleksey Karyakin, Yuriy Ivakin, Igor Plotnitsky (also designated by Canada), Nikolay Kozitsyn and Oleksiy Borysovykh Mozgovy (also designated by Canada). The individuals have been listed, according to the EU, because they are responsible for or supported actions undermining Ukraine's territorial integrity, sovereignty and

independence. They are now subject to a travel ban and an asset freeze. The individuals have been notified that they have two months in which to challenge their designation.

[Council Implementing Regulation \(EU\) No. 753/2014](#)

[Council Decision 2014/455/CFSP](#)

[Notice 2014/C 222/03](#)

[Council Regulation \(EU\) No. 269/2014](#)

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Canada Adds 14 Individuals to Ukraine Sanctions List

Canada has amended the Special Economic Measures (Ukraine) Regulations in order to designate the following 14 individuals: Viktor Yuriiovych Anosov, Viacheslav Anatoliiovych Apraksimov, Fedir Dmytrovykh Berezin, Ruslan Yunirovish Ilkaev, Valery Vladimirovich Kaurov (also designated by the US), Alexander Khodakovsky (also designated by the EU), Mykola Ivanovych Kozitsyn, Oleksiy Borysovykh Mozgovy (also designated by the EU), Valerii Kostiantynovych Musiienko, Viacheslav Mykolaiovych Petrov, Igor Plotnitsky (also designated by the EU), Yuriy Oleksandrovykh Protsenko, Oleh Anatoliiovych Vasin and Serhii Anatoliiovych Zdriliuk.

Kaurov has been designated on account of being the self-described president of the Republic of Novorossiia. Zdriliuk has been designated on account of being a senior aide to Igor Girkin (also known as Igor Strelkov), a member of the main intelligence directorate of the Russian general staff. The remaining 12 individuals have been designated because they are members of various armed groups, including the Vostok Battalion, the Cossacks Forces Army, the Russian Kuban Cossack Army and the Russian United Army of the South-East.

[Regulations Amending the Special Economic Measures \(Ukraine\) Regulations](#)

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EU Prohibits Import of Goods from Crimea and Sevastopol

On 23 June, the EU issued a significant new set of sanctions relating to Ukraine. Pursuant to Council Regulation (EU) No. 692/2014, the EU prohibited the import into the EU of goods originating in Crimea or Sevastopol. The EU also prohibited the provision of financing, financial assistance or insurance in relation to such imports.

Goods originating in Crimea or Sevastopol are defined as goods wholly obtained in Crimea or Sevastopol, or goods that underwent their “last substantial transformation” there. This definition accords with standard EU customs law.

There are two exceptions to this general prohibition. First, goods that have been granted a certificate of origin by the Ukrainian government can be imported into the EU. Second, a ‘grandfathering clause’ allows the continued performance of contracts entered into before 25 June 2014 until 26 September 2014.

The Regulation does not prohibit all business conducted with Crimea and Sevastopol. As with other EU legislation, the prohibition applies to EU nationals, EU-registered companies, activities within the EU and business done in whole or in part within the EU. Therefore, activities of non-EU businesses acting wholly outside of the EU are not prohibited, such as Russian companies with Crimean facilities. In addition, the prohibition only applies to the import of goods into the EU, and not to other business activities taking place in Crimea, including imports not destined for the EU.

For a more detailed analysis of these sanctions, please see our Client Update: European Union Bans Imports of Goods from Crimea.

[Debevoise Client Update: European Union Bans Imports of Goods from Crimea](#)

[Council Regulation \(EU\) No. 692/2014](#)

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EU News

EU Eases Arms Embargo Against Ivory Coast and Lifts Ban on Import of Rough Diamonds

The EU has amended Council Decision 2010/656/CFSP in order to implement UN Security Council Resolution 2153 (2014), which renews and modifies the arms embargo against Ivory Coast. By virtue of the amendments, it is no longer prohibited to sell, supply or transfer non-lethal materiel to Ivory Coast. The arms embargo remains in place for lethal materiel, which includes, among other things, weapons, ammunition, rockets, missiles, mortars, armed aircraft,

military armed vehicles and explosive devices. The EU has also lifted the ban on the import of rough diamonds from Ivory Coast.

[Council Decision 2014/460/CFSP](#)

[UN Security Council Resolution 2153 \(2014\)](#)

[Council Decision 2010/656/CFSP](#)

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EU Amends Sudanese Sanctions Regime and Imposes Sanctions on Two South Sudanese Military Leaders

In order to consolidate its sanctions regime in respect of Sudan, the EU has repealed Council Regulation (EC) No. 131/2004, Council Regulation (EC) No. 1184/2005 and Council Decision 2011/423/CFSP. In their place, the EU has introduced Council Regulation (EU) No. 747/2014 and Council Decision 2014/450/CFSP, which relate to Sudan, and Commission Delegated Regulation (EU) No. 78/2014 and Council Decision 2014/449/CFSP, which relate to South Sudan.

No substantive amendments have been made as a result of the consolidation, other than to Council Regulation (EU) No. 747/2014, which has been amended in order to add Santino Deng and Peter Gadet to the list of individuals subject to an asset freeze and travel ban. Deng is a commander of the Sudan People's

Liberation Army and has been listed in connection with violations of the 23 January Cessation of Hostilities Agreement. Gadet is the leader of the anti-government Nuer militia and has been listed for his involvement in an attack on the city of Bentiu in April this year, in which more than 200 civilians died.

[Council Regulation \(EU\) No. 747/2014](#)

[Council Decision 2014/450/CFSP](#)

[Commission Delegated Regulation \(EU\) No. 78/2014](#)

[Council Decision 2014/449/CFSP](#)

[23 January Cessation of Hostilities Agreement](#)

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EU General Court Annuls Five Sanctions Listings for Lack of Evidence

In four judgments delivered on 3 July, the General Court of the EU (the "General Court") annulled the listings of three entities and one individual designated pursuant to the EU Iranian sanctions regime, and one individual listed under the EU's Syrian regime.

In each case, the court ruled that there was a lack of evidence to support the reasons for designation.

These judgments are discussed in greater detail below.

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1. Iranian University

On 3 July, the General Court annulled the listing of the Iranian university Sharif University of Technology in Case T-181/13 *Sharif University of Technology v Council*. The university is located in Tehran and

specialises in the fields of technology, engineering and the physical sciences.

Sanctions were imposed by the EU on the university pursuant to Council Regulation (EU) No. 267/2012,

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as amended by Council Implementing Regulation (EU) No. 1264/2012, for allegedly providing laboratories for use by the UN-designated Iranian entity Kalaye Electric, and the EU-designated entity Iran Centrifuge Technology Company. The Regulation prohibits contributions made in support of Iranian nuclear proliferation.

The General Court held that the European Council had committed a manifest error of assessment as the material available to the General Court contained “no evidence capable of supporting the Council’s claims that the applicant assisted the [UN and EU-designated entities] to violate the provisions of the EU legislation concerning restrictive measures against the Islamic Republic of Iran, or provided direct support to Iranian nuclear activities”.

2. Iranian Tanker Company

On 3 July, the General Court annulled the listing of the National Iranian Tanker Company (“NITC”) in Case T-565/12 *National Iranian Tanker Company v Council*. NITC is an Iranian transporter of crude oil and gas, operating one of the world’s largest fleets of double-hulled tankers.

NITC was listed pursuant to Council Regulation (EU) No. 267/2012, as amended by Council Implementing Regulation (EU) No. 945/2012, for two reasons: (i) the Council claimed NITC was effectively controlled by the Iranian government; and (ii) NITC was said to have provided financial support to the Iranian government through shareholders who maintain ties with the government. NITC sought an annulment of its listing, contesting both allegations.

The General Court held that the Council had committed a manifest error of assessment as the

However, the General Court’s judgment will not come into effect until the expiry of a two-month period to give the Council the opportunity to correct the irregularities identified in the judgment, namely by providing sufficient evidence to support the reasons for the university’s listing.

[Case T-181/13 Sharif University of Technology v Council](#)

[General Court Press Release](#)

[Council Implementing Regulation \(EU\) No. 1264/2012](#)

[Council Regulation \(EU\) No. 267/2012](#)

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material taken into consideration by the General Court contained no evidence capable of supporting the Council’s two claims.

However, the General Court’s judgment will not come into effect until the expiry of the period for bringing an appeal to give the Council the opportunity to correct the irregularities identified in the judgment, namely by providing sufficient evidence to support the reasons for NITC’s listing.

[Case T-565/12 National Iranian Tanker Company v Council](#)

[Council Implementing Regulation \(EU\) No. 945/2012](#)

[Council Regulation \(EU\) No. 267/2012](#)

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3. Iranian Bank and Businessman

On 3 July, in two separate cases, the General Court annulled the listings of Iranian bank Sorinet Commercial Trust Bankers Ltd (“SCT”) and Iranian businessman Babak Zanjani, an SCT director, both designated in 2012 pursuant to Council Regulation (EU) No. 267/2012, as amended by Council Implementing Regulation (EU) No. 1264/2012.

Zanjani and SCT were listed for allegedly assisting designated entities to violate the provisions of the Regulation and for providing financial support to the Iranian government. The Council alleged that SCT, part of the UAE-based Sorinet Group, which is owned and operated by Zanjani, was used to channel Iranian oil-related payments. The Council claimed Zanjani was a key facilitator for Iranian oil deals and transferring oil-related money.

The General Court held, in both cases, that the Council had committed an error of assessment as the material available to the Court contained no evidence

that the applicants were assisting designated entities to violate the EU Iranian sanctions regime, or that they were providing financial and technical assistance to the Iranian government.

However, the General Court’s judgments will not come into effect until the expiry of the period for bringing an appeal to give the Council the opportunity to correct the irregularities identified in the judgments, namely by providing sufficient evidence to support the reasons for listing.

[Case T-157/13 Sorinet Commercial Trust Bankers Ltd v Council](#)

[Case T-155/13 Babak Zanjani v Council](#)

[Council Implementing Regulation \(EU\) No. 1264/2012](#)

[Council Regulation \(EU\) No. 267/2012](#)

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4. Former Syrian Minister

On 3 July, the General Court annulled the listing of Syria’s former Minister of Economy and Trade, Mohamad Nedal Alchaar, who was listed pursuant to Council Regulation (EU) No. 36/2012, as amended by Council Implementing Regulation (EU) No. 363/2013, concerning restrictive measures in view of the situation in Syria.

Mr Alchaar was originally listed for being, as Syria’s Minister of Economy and Trade, directly linked to the Assad regime. After Mr Alchaar resigned from office in June 2012, the Council altered the reasons for his

listing to read as follows: “Former Minister of Economy and Trade. Associated with the Syrian regime and its violent repressions against the civilian population.”

The General Court held that Mr Alchaar’s listing on the grounds of his ministerial office had been legitimate as the Council was entitled to presume, without adducing additional evidence of personal involvement, that all members of a government must be jointly and severally responsible for the policy of repression pursued by their government.

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However, the General Court also held that a presumption of continued close links to the Assad regime after Alchaar left office, while permissible, was rebuttable. Accordingly, as the existence of such links had been contested by Mr Alchaar, the Council had to adduce additional evidence of sufficient probative value to establish the validity of the presumption. The Council failed to provide such evidence. As a result, the General Court found that it had committed an error of assessment by considering that Mr Alchaar's listing was justified solely by reason of his status as a former minister.

The General Court annulled Mr Alchaar's designation and the asset freeze and travel ban no longer apply. The European Council now has two months to appeal the judgment.

[Case T-203/12 Mohamad Nedal Alchaar v Council \(French\)](#)

[General Court Press Release](#)

[Council Implementing Regulation \(EU\) No. 363/2013](#)

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

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EU Updates Al-Qaida Sanctions List

On 4 July, the EU updated its list of individuals and entities associated with Al-Qaida and the Taliban that are subject to targeted financial sanctions, a travel ban and the arms embargo imposed pursuant to Council Regulation (EC) No. 881/2002, as amended by Commission Implementing Regulation (EU) No. 735/2014.

Abubakar Mohammed Shekau and the group Ansarul Muslimina fi Biladis Sudan ("Ansarul") became the first individual and entity to be listed following the UN's designation of Boko Haram on

22 May 2014. Abubakar Shekau is the purported leader of Boko Haram; Ansarul is a splinter group.

These measures follow a decision by the UN Security Council to sanction the same individual and group, described in 'UN Updates Al-Qaida Sanctions List', below.

[Commission Implementing Regulation \(EU\) No. 735/2014](#)

[Council Regulation \(EC\) No. 881/2002](#)

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EU Amends Belarusian Sanctions List

On 9 July, the EU issued Council Implementing Regulation (EU) No. 740/2014, removing eight individuals from, and adding one individual to, the EU's Belarusian sanctions regime. Council Regulation (EC) No. 765/2006 and Council Decision 2012/642/CFSP impose an arms embargo, travel ban and asset freeze on President Lukashenko, the Belarusian leadership,

and officials and entities responsible for the violations of international electoral standards and international human rights law, as well as for the crackdown on civil society and democratic opposition.

The eight individuals removed from the list are: (1) Aliaksandr Mikhailavich Arkhipau ;

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(2) Valery Vasilievich Berastau; (3) Natallia Uladzimiraua Bushnaia; (4) Andrei Arkadzevich Mihun; (5) Hanna Valerieuna Samaliuk; (6) Mikalai Kanstantsinavich Svorab; (7) Piotr Uladzimiravich Tratsiak; and (8) Ihar Ryhoravich Varapaev.

Judge Vitaliy Nikolayevich Volkov was added to the list.

[Council Implementing Regulation \(EU\) No. 740/2014](#)

[Council Decision 2012/642/CFSP](#)

[Council Regulation \(EC\) No. 765/2006](#)

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US News

BNP Paribas Enters Guilty Plea, Pays Nearly \$9 Billion to Settle Criminal and Civil Liability for Sanctions Violations

On 30 June, the US government announced that BNP Paribas SA (“BNP”), a global bank based in France, agreed to plead guilty to criminal charges and pay a total of \$8,973.6 million in criminal and civil fines, penalties and forfeitures for violations of US sanctions laws. This represents the largest monetary penalty ever imposed in the US for sanctions violations.

The penalties cover 3,897 apparent sanctions violations by BNP over an eight year period involving the removal of identifying information of sanctioned persons from SWIFT payment messages denominated in US Dollars and set to US financial institutions, a practice that has come to be known as “wire stripping”. This wire stripping reportedly involved omitting references to sanctioned parties, replacing the names of sanctioned parties with BNP’s name or a code word and structuring payments to avoid identifying the involvement of sanctioned parties.

The investigation of these activities involved multiple federal and New York state agencies, including the Department of Justice’s Criminal Division,

US Attorney’s Office for the Southern District of New York and Federal Bureau of Investigation; the Treasury Department’s Office of Foreign Assets Control (“OFAC”) and Internal Revenue Service Criminal Investigation unit; the Board of Governors of the Federal Reserve System (“FRB”); the New York County District Attorney’s Office; and the New York State Department of Financial Services (“DFS”). In addition to monetary penalties, the FRB imposed a cease and desist order, and DFS demanded and obtained the dismissal of 13 bank employees and imposed a one-year suspension of US dollar clearing operations through New York for certain BNP business lines.

[OFAC Enforcement Announcement](#)

[Treasury Department Press Release](#)

[Department of Justice Press Release](#)

[New York State Department of Financial Services Press Release](#)

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Commerzbank Reportedly Negotiating Possible Settlement of Alleged Sanctions Violations

Recent news reports indicate that Commerzbank, a German bank, is in negotiations with US authorities, including the Department of Justice, the Treasury Department, the Federal Reserve, the New York County District Attorney's Office and the New York State Department of Financial Services. According to these news reports, the alleged misconduct involves dealings with Iran and the Islamic Republic of Iran Shipping Lines, as well as other countries subject to US sanctions. The settlement agreement may be completed this summer, with a settlement payment currently expected to be between \$500 and \$800 million.

It has also been reported that US authorities are investigating Italy's UniCredit SpA, France's Credit Agricole SA and Société Générale, and Germany's Deutsche Bank AG for alleged sanctions violations.

[Reuters Article](#)

[Wall Street Journal Article](#)

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US Targets Alleged Hezbollah Front Company

On 10 July, pursuant to Executive Order ("EO") 13224, which authorises sanctions on terrorists and their supporters, the Treasury Department designated Stars Group Holding, a consumer electronics business based in Beirut, Lebanon, its subsidiaries in the United Arab Emirates and China and several related individuals. The Treasury Department asserts that Stars Group Holding is a key Hezbollah procurement network used to purchase sophisticated electronics and other technology from global suppliers, including engines, navigation equipment and unmanned aerial vehicles used by Hezbollah in its military activities in Syria and surveillance operations in Israel.

In addition to the Lebanese company and its domestic and foreign subsidiaries, the Treasury Department imposed sanctions on Kamel and Issam Mohammad Ahmaz, brothers and senior officers of Stars Group Holding; several managers, including Ayman Ibrahim and Ali Zeaiter, who are responsible for the company's international activities; and Hanna Elias Khalifeh, a Lebanese businessman who works directly with Stars Group Holding and an alleged member of Hezbollah.

[Treasury Department Press Release](#)

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US Designates Companies Under Syria Sanctions Regulations

On 9 July, the Treasury Department designated Pangates International Corporation Ltd. (“Pangates”), based in the United Arab Emirates, pursuant to EO 13582, which authorises sanctions on persons providing material support for, or goods and services to, the Syrian government. Also designated were two Syrian companies, Expert Partners and Megatrade, pursuant to EO 13382, which authorises sanctions on proliferators of weapons of mass destruction and their supporters.

The Treasury Department stated that between 2012 and April 2014, Pangates supplied the Syrian

government and the state-owned Syrian oil company, SYTROL, with speciality petroleum products that have limited civilian applications in Syria. Expert Partners and Megatrade are allegedly front companies for the Scientific Studies and Research Center (“SSRC”), purported to be Syria’s government agency responsible for developing and producing non-conventional weapons and ballistic missiles. The SSRC is already subject to US sanctions.

[Treasury Department Press Release](#)

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US Expands Scope of DRC-Related Sanctions, Imposes Sanctions on Allied Democratic Forces

On 8 July, US President Barack Obama issued a new EO amending and expanding US sanctions adopted in response to the on-going conflict in the Democratic Republic of the Congo (“DRC”). Since the release of EO 13413 on 30 October 2006, which first authorised sanctions in response to the situation in the DRC in 2006, there have been multiple UN Security Council Resolutions (“UNSCR”) addressing the situation in the DRC, including UNSCR 2136 on 30 January 2014. The issuance of the new EO addresses the continuation of activities that threaten the peace, security or stability of the DRC and the surrounding region, including widespread atrocities, recruitment and use of child soldiers, attacks on peacekeepers, obstruction of humanitarian operations and the exploitation of natural resources to finance these activities.

Specifically, the new EO authorises the Secretary of the Treasury, in consultation with the Secretary of the State, to designate persons determined:

To be a political or military leader of a Congolese or foreign armed group operating in the DRC that impedes the disarmament of combatants;

- To be responsible for or complicit in (i) actions that threaten the peace, security or stability of the DRC, (ii) actions that undermine democratic processes or institutions in the DRC, or (iii) the targeting of women, children or any civilians through the commission of acts of violence;
- To supply or receive in the DRC arms and related materiel or advice, training or assistance, including financing and financial assistance, related to military activities;
- To have materially assisted or supported any person determined to engage in the activities described above; or
- Any entity owned or controlled by a person designated pursuant to EO 13413.

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Persons designated pursuant to the new EO will be subject to blocking sanctions, meaning that all property in the US or under the control of a US person will be frozen.

Separately, on 1 July, the US Treasury Department designated the Allied Democratic Forces (“ADF”) as a blocked person under the existing EO 13413, which authorises sanctions against persons engaging in activities connected with widespread violence and atrocities in the Congo. The designation was based on the Treasury Department’s determination that the ADF targets children in situations of armed conflict, including through killing, rape, abduction and forced

displacement. According to the Treasury Department, the ADF comprises an estimated 1200-1500 armed fighters, some of whom are kidnapped and recruited child soldiers. OFAC’s designation was taken in support of the UN Security Council’s imposition of sanctions against the ADF.

[Executive Order, 8 July 2014](#)

[President Obama’s Message to the Congress Regarding the Democratic Republic of the Congo](#)

[Treasury Department’s Press Release on Designation of ADF](#)

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US Treasury Issues Regulations Implementing Central African Republic and South Sudan-Related Sanctions, Updates Zimbabwe and Burma Regulations

South Sudan and Central African Republic

On 2 and 7 July, respectively, OFAC issued the South Sudan Sanctions Regulations and the Central African Republic (“CAR”) Sanctions Regulations. These new regulations have been issued in abbreviated format, and OFAC has stated that it intends to follow up with a more comprehensive set of regulations in the future. The new regulations incorporate the prohibitions set out in EO 13667 and EO 13664, respectively, define important terms, including “property”, “property interest” and “transfer”, set forth provisions for handling blocked property and provide rules governing the effects of prohibited transfers.

The new regulations also add a number of new general licences. A “general licence” is an authorisation that applies to anyone who meets the criteria described

in the regulations without need to apply to OFAC for permission. The general licences in both the CAR Sanctions Regulations and South Sudan Sanctions Regulations include authorisations for certain transactions by financial institutions holding blocked property, for emergency medical treatment and for certain legal services. In particular, US persons are authorised to provide legal services to blocked persons. Payment for these legal services may be received from funds located outside the US, subject to certain reporting and other requirements. However, payment from blocked funds in the US, from blocked funds in the hands of a US person or from a blocked person other than the client is not permitted without a specific licence from OFAC.

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Zimbabwe

On 10 July, OFAC issued a final rule amending the Zimbabwe Sanctions Regulations (Title 31 CFR Part 541), originally issued as an interim final rule on 29 July 2004. The final regulations implement the prohibitions authorised by EOs 13391 and 13469, which expanded the Zimbabwe sanctions after the issuance of the interim final rule. The final regulations also now contain amended and updated definitions of key terms related to the blocking prohibitions, including “transfer” and the various categories of prohibited support. Additionally, the amendments include two general licences. The first authorises payments from outside the United States for permitted legal services (section 541.508), and the second, previously available only on OFAC’s website, authorises all transactions, subject to certain limitations, involving Agricultural Development Bank of Zimbabwe and Infrastructure Development Bank of Zimbabwe (section 541.510).

Burma

Separately, on 1 July, OFAC amended and reissued in their entirety the Burmese Sanctions Regulations (Title 31 CFR Part 357). The amended regulations incorporate the numerous changes effected by a series of EOs that have been issued since the date the regulations were last amended, and they incorporate several general licences that had previously appeared on OFAC’s website. Among other things, the reissued regulations reflect the revocation in August 2013 of the broad ban on imports of products of Burma, although the ban on the importation of jadeite or rubies mined or extracted from Burma remains in force. The regulations also incorporate the general licences authorising new investments in Burma (subject to reporting requirements), the exportation

of financial services to Burma, and transactions with a specific list of blocked banks. The authorisation for funds transfers to accounts at other blocked Burmese financial institutions, previously contained in a general licence, has been moved to the interpretive regulation (section 537.404) that addresses transactions incidental to licenced transactions. Most other transactions with Burmese nationals on the Specially Designated Nationals list remain prohibited.

The issuance of these new and amended sanctions regulations continues OFAC’s recent practice of issuing or updating regulations to implement and codify sanctions-related EOs. Like other recently issued sanctions regulations, the new CAR Sanctions Regulations and South Sudan Sanctions Regulations, the final Zimbabwe Sanctions Regulations and the reissued Burmese Sanctions Regulations contain the “50% rule”, whereby any entity in which a blocked person owns a 50% or greater interest is also subject to blocking, even if that entity does not itself appear on the list of blocked persons. The “50% rule” has existed as a matter of official interpretative guidance for a number of years, and now it appears that OFAC is making a consistent effort to include it explicitly in newly issued regulations.

[Zimbabwe Sanctions Regulations](#)

[OFAC Press Release – Central African Sanctions Regulations](#)

[Central African Republic Sanctions Regulations](#)

[OFAC Press Release – South Sudan Sanctions Regulations](#)

[South Sudan Sanctions Regulations](#)

[Burmese Sanctions Regulations](#)

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Red Bull Settles Potential Civil Liability for Filming Documentary in Cuba

On 27 June, OFAC announced that Red Bull North America, Inc. (“Red Bull”) agreed to pay \$89,775 to settle potential civil liability for seven alleged violations of the Cuban Assets Control Regulations. The underlying conduct involved the travel of seven Red Bull representatives to Cuba in June 2009 to film a documentary. The production of the film and the associated travel was approved by Red Bull management, but Red Bull did not receive authorisation from OFAC.

OFAC determined that Red Bull did not self-disclose the apparent violations and that they

constituted a non-egregious case. According to OFAC’s announcement, the settlement amount reflects that Red Bull had prior knowledge of US sanctions on Cuba and took steps to conceal the transactions; that Red Bull is a subsidiary of a sophisticated multinational company with extensive experience in international trade; that Red Bull has since instituted a sanctions compliance programme; and that Red Bull had not received a penalty notice from OFAC in past five years.

[OFAC Enforcement Announcement](#)

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US Exporter Settles Potential Civil Liability for Shipping Networking Equipment to Sudan and Iran

On 25 June, OFAC announced that Network Hardware Resale LLC (“NHR”), a California-based reseller of used computer networking equipment, agreed to pay \$64,758 to settle potential civil liability for 16 shipments of networking equipment and related accessories to Sudan and two similar shipments to Iran. OFAC determined that NHR voluntarily disclosed the matter and that it constitutes a non-egregious case.

According to OFAC’s announcement, the settlement amount reflects that NHR is a sophisticated company with worldwide operations; that NHR demonstrated reckless disregard by engaging in worldwide commerce

without a sanctions compliance programme; that the potential violations reflect a pattern of conduct that took place over three years; that NHR took prompt corrective action and cooperated with OFAC in the investigation, including tolling the statute of limitations; and that NHR has no prior sanctions violations in the five years preceding the earliest apparent violation.

[OFAC Enforcement Announcement](#)

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US Makes New Designations Targeting Multiple Transnational Criminal Organisations

On 2 July, the Treasury Department announced the designation of 11 individuals and one crime syndicate pursuant to EO 13581, which authorises sanctions against Transnational Criminal Organisations (“TCO”) and related persons. The new designations target seven members of the Camorra; the Kudo-kai crime syndicate within the Yakuza criminal network; an individual alleged to act on behalf of the Brothers’ Circle; and a member of MS-13.

The Camorra is a European criminal organisation based in Italy allegedly involved in a wide range of illegal activities, including money laundering, drug trafficking, extortion, robbery, blackmail, political corruption and counterfeiting. The group was designated as a TCO on 24 July 2011. The present action involves the designation of seven individuals, including two bosses of the Casalesi clan, currently serving life sentences in Italy. The other individuals have also been convicted in Italy of serious crimes.

The Yakuza is a criminal organisation based in Japan and is believed to be the world’s largest such organisation with close to 60,000 members. OFAC alleges the group is involved in weapons trafficking, prostitution, human trafficking, narcotics distribution, fraud and money laundering. Prior to the present action, OFAC had already designated three other Yakuza syndicates and 10 individuals. In this action, OFAC targeted the Kudo-kai, based in Fukuoka Japan and believed to have approximately 950 members.

OFAC also designated two leaders of the Kudo-kai, Satoru Nomura and Fumio Tanoue.

The Brothers’ Circle is a pan-Eurasian criminal group based largely in the countries of the former Soviet Union but also operating in Europe, the Middle East, Africa and Latin America. The Brothers’ Circle, according to OFAC, is primarily a coordinating body for individual criminal networks. In this action, OFAC designated Adam Sultanovich Delimkhanov for acting for or on behalf of a previously designated leader of the Brothers’ Circle. Mr Delimkhanov is a member of the Russian Duma.

MS-13 (Mara Salvatrucha) was the first transnational criminal street gang to be designated by the US as a TCO. OFAC alleges that MS-13 is involved in serious criminal activity in the United States and around the world, including human smuggling, prostitution, drug trafficking, kidnapping, murder, assassination, racketeering, blackmail, extortion and immigration offences. In this action, OFAC designated Jenny Judith Corada Portilla, the common law wife of a previously designated and presently incarcerated leader of MS-13. OFAC alleges that Mrs Portilla acts as an intermediary for her husband.

[Treasury Department Press Release](#)

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US Makes New Narcotics and Terrorism Designations

On 1 July, OFAC designated 12 individuals and 14 entities, all based in Colombia, under the Foreign Narcotics Kingpin Designation Act. Among those designated, OFAC asserts that Pedro Claver Mejia Salazar is a drug launderer that also operates a money laundering network. Fredy Alonso Mira Perez, alias Fredy Colas, is an alleged underboss of the criminal organisation known as La Oficina de Envigado (“La Oficina”), which was itself designated on 26 June 2014. In designating La Oficina, OFAC described the organisation as a criminal organisation based in Medellín, Colombia, that plays a significant role in international narcotics trafficking as well as the “secondary” activities of money laundering, extortion and murder-for-hire. OFAC alleges that Mr Salazar, primarily at the direction of Mr Perez, launders the narcotics proceeds of La Oficina and works closely with Ayman Saied Joumaa, a Lebanese-Colombian Specially Designated Narcotics Trafficker. The other individuals and entities designated by OFAC include Mr Salazar’s network of family members and their companies, which OFAC asserts are instrumental in Mr Salazar’s money laundering operations.

On 25 June, the Treasury Department designated Nazir Ahmad Chaudhry and Muhammad Hussein Gill, both Pakistan nationals, as Specially Designated Global Terrorists. The 2 individuals were designated because OFAC believes they act for or on behalf of Lashkar-e-Tayyiba (“LT”), an organisation that has been designated a Foreign Terrorist Organization by the US State Department in 2001 and added to the United Nations sanctions list in 2005. Mr Chaudhry, according to OFAC, has been a senior LT leader since the early 2000s and has led the organisation’s public relations department for the last ten years and is now the head of its information wing. OFAC asserts that Mr Gill is an LT senior shura member and founder, having acted as an accountant and later chief financial officer of LT.

[Treasury Department Press Release – 1 July \(Individual Narcotics Designations\)](#)

[Treasury Department Press Release – June 26 \(La Oficina\)](#)

[Treasury Department Press Release – June 25 \(Terrorism Designations\)](#)

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OFAC Releases Reports on TSRA Licences, Blocked Terrorist Assets

On 27 June, OFAC released its Sixth Biennial Report of Licensing Activities Pursuant to Section 906 of the Trade Sanctions Reform and Export Enhancement Act of 2000 (“TSRA”). The TSRA governs licence applications for the export of agricultural commodities, medicine and medical devices to Iran and Sudan. OFAC’s report details licensing activities between

October 2010 and September 2012, covering 3191 licence applications: an 11.6% increase over the previous biennial reporting period. On average, OFAC found that the average processing time for issuing licences had increased slightly to 93 business days for a licence issuance and 75 business days for a licensing determination. OFAC attributed the increased

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processing time to the complexity, volume and length of licence applications, noting that the majority of licence applications involve the export of medical devices to Iran. OFAC also found that the protracted scrutiny of other reviewing agencies continued to affect processing times of licence applications.

Separately, on 25 June, OFAC published the 2013 Terrorist Assets Report, its 22nd annual report to Congress on assets in the US relating to terrorist countries and international terrorism programme designees. OFAC reported that as of 31 December 2013, financial assets blocked pursuant to its terrorism sanctions programmes totalled \$22,200,117 and that real and tangible property held by designated

organisations in the US had also been blocked. The report also covers the nature and extent of assets held in the US that have been blocked because they relate to countries designated as state sponsors of terrorism, which list includes, Cuba, Iran, Sudan and Syria. The value of such blocked funds in 2013, exclusive of blocked real and tangible property, was approximately \$2.3 billion.

[Treasury Department Press Release on TSRA Licences](#)

[2013 Terrorist Assets Report](#)

[Biennial Report on TSRA Licensing Activities](#)

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UN News

UN Updates Al-Qaida Sanctions List

On 26 June, the UN Security Council's Al-Qaida Sanctions Committee added Abubakar Mohammed Shekau and the group Ansarul Muslimina fi Biladis Sudan to its list of individuals and entities subject to the targeted financial sanctions, travel ban and the arms embargo recently reaffirmed under Security Council Resolution 2161 (2014).

Abubakar Shekau and Ansarul became the first individual and entity to be listed following the UN's designation of Boko Haram on 22 May 2014. Abubakar Shekau is the purported leader of Boko Haram; Ansarul is a splinter group.

As a result of the new listings, any individual or entity that provides financial or material support to Abubakar Shekau and Ansarul, including the provision of arms or recruits, is eligible to be added to the Al-Qaida Sanctions List and subject to the sanctions measures.

[UN Press Release](#)

[Updated Al-Qaida Sanctions List](#)

[Security Council Resolution 2161 \(2014\)](#)

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Other News

Japan Lifts Certain Sanctions Against North Korea

On 4 July, Japan announced it would lift certain unilateral sanctions against North Korea following an agreement that North Korea would reopen its investigation into the kidnapping and abduction of Japanese nationals in the 1970s and 1980s. North Korea has admitted that the kidnappings were part of a wider programme during the Cold War to train North Korean spies in Japanese language and customs.

Japan's announcement follows confirmation that concrete measures are being taken by North Korean authorities towards establishing the fate of the Japanese nationals. Shinzo Abe, Japan's prime minister, stated: "We have determined that an unprecedented framework has been established, where an organisation that can make decisions at a national level...will be at the forefront of the investigations." The state-run Korean Central News Agency reported on 4 July that a "Special Investigative Committee" of approximately 30 officials had been established to investigate the cases of "all Japanese" residing in North Korea.

The sanctions lifted by Japan include the easing of the embargo on the entry of North Korean-flagged ships into Japanese ports, which can now enter

for "humanitarian purposes". In addition, travel restrictions between the two nations will be removed and the reporting threshold for money transfers from Japan to North Korea has been increased.

Trade between Japan and North Korea has been suspended since Japan blocked imports from and exports to North Korea in 2006 and 2009, respectively, in response to the state's nuclear proliferation programme.

Japanese officials stressed, however, that the sanctions to be lifted are distinct from the multilateral sanctions imposed by the UN, which followed Pyongyang's first nuclear test in 2006. The sanctions prohibit UN member states from trading arms with North Korea, and from engaging in financial transactions that facilitate such trade.

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[Reuters Article](#)

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Sanctions Alert

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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

Jessica Gladstone
International Counsel, London
+44 20 7786 9166
jgladstone@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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