

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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Russia News

Japan Adds Third Round of Russian Sanctions

On 24 September 2014, Japan imposed additional sanctions against Russia in response to the conflict in Ukraine. The extension restricts arms exports to Russia and bans five Russian banks: Sberbank, Vneshtorgbank Bank (VTB), Vnesheconombank (VEB), Gazprombank and Russian Agricultural Bank, from issuing securities in Japan.

The new sanctions were imposed following a visit from an aide to Putin, Sergei Ivanov, to the group of contested islands known as Northern Territories in Japan and Southern Kurils in Russia. There have been continuous territorial disputes over the land since the end of World War II, when the islands were seized by the former Soviet Union.

Japan's Chief Cabinet Secretary, Yoshihide Suga, stated that the visit "goes against Japan's stance regarding the Northern Territories. It hurts Japanese people's feelings and is extremely regrettable." The Russian foreign ministry said, "We view this unfriendly move as fresh evidence of Japan's inability to pursue an independent foreign policy."

Suga stated that the Japanese will "continue to be in close contact with other G7 nations" and maintain bilateral dialogue with Russia.

[Reuters News Article](#)

[Wall Street Journal News Article \(subscription required\)](#)

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European Parliament Recommends Excluding Russia from SWIFT

On 18 September 2014, the European Parliament recommended in a non-legislative resolution that EU leaders consider new sanctions against Russia over conflicts in Ukraine. Recommendations consisted of excluding Russia from civil nuclear cooperation and the electronic interbank payment system, SWIFT.

An implementation of SWIFT sanctions would have a significant impact as a majority of financial institutions across the world use the system. SWIFT stated in response to the resolution that this "singling out...interferes disproportionately with SWIFT's

fundamental right to conduct business and its right to property. It also constitutes discriminatory and unequal treatment."

[ITAR-TASS News Article](#)

[European Parliament Press Release](#)

[SWIFT Statement](#)

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Canada Extends Russian Sanctions

On 16 September 2014, Canada added four individuals and six entities to its list of persons subject to travel bans and asset freezes in connection with the ongoing crisis in Ukraine. The Canadian Minister for Foreign Affairs, John Baird, stated: “[W]e have seen no evidence of progress on our calls for the Putin regime to end its support to the armed militants.”

The list of newly designated individuals consists of senior officials in the Russian Armed Forces: (1) General Dmitry Vitalievich Bulgakov; (2) Lieutenant-General Yuriy Eduardovich Sadovenko; (3) Colonel-General Nikolay Bogdanovskiy; and (4) Colonel-General Oleg Leonidovich Salyukov.

The list of newly designated entities consists of: (1) OJSC Dolgoprudny Research Production Enterprise; (2) JSC Kalinin Machine-Building Plant; (3) Mitischinskii Machine-Building Plant OAO; (4) V. Tikhomirov Scientific Research Institute of Instrument Design; (5) Marine Scientific Research Institute of Radioelectronics Altair; and (6) Sberbank.

Additional restrictions have also been added to the terms under which designated Russian banks can access capital markets. Canada has now prohibited the issuance of any loan carrying a maturation date greater than 30 days.

[Government of Canada Press Release](#)

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EU and Ukraine Strengthen Ties

On 16 September 2014, the Ukrainian parliament ratified the key EU association agreement (AA/DCFTA), making Ukraine compliant with EU standards of human rights, security and arms control. The alignment removes all existing trade barriers between Ukraine and EU Member States.

Russian President Vladimir Putin expressed his opposition to the agreement in a letter dated 17 September 2014 to the Ukrainian President Petro Poroshenko. Putin suggested three-way negotiations to amend the agreement between the EU and Ukraine.

Ukraine will be delaying implementation of the agreement’s free trade provisions by maintaining

existing restrictions on imports from the EU until 31 December 2015, while having full access to the EU market for exporting goods. However, Putin’s letter suggests that Russia expects a complete freeze of implementation as “[a]doption of such amendments... will be considered as infringement of the arrangement to postpone implementation,” entailing retaliatory measures from Russia.

[Reuters News Article](#)

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EU News

Central Bank of Iran Wins Delisting Application

On 18 September 2014, the General Court of the EU (the “General Court”) ruled that it was unlawful to include the Central Bank of Iran (the “Central Bank”) in the EU’s sanctions regime against Iran related to proliferation-sensitive nuclear activities and the development of nuclear weapon delivery systems. The Central Bank sought an annulment on the grounds that the Council of the EU breached its obligation to state reasons for listing the Central Bank. The General Court annulled Council Regulation (EU) No 267/2012 and repealed Regulation (EU) No 961/2010 insofar as the regulations subjected the Central Bank to an asset freeze.

The Central Bank was initially listed for involvement in activities to circumvent sanctions and for providing financial support to the government of Iran. With regard to the first reason, the General Court held that this was too vague, providing no clear indication of

the allegations against the Central Bank. The General Court stated that the Council of the EU had provided “no details of the names of persons, entities or bodies, listed on a list imposing restrictive measures, whom the applicant assisted in circumventing sanctions or of when, where and how that assistance took place”. Nor did the Council refer to any identifiable transaction or particular assistance. The General Court declined to provide judgment on whether the second reason was lawful.

[Financial Times News Article \(subscription required\)](#)

[Case T-262/12 Central Bank of Iran v Council of the European Union \[2014\]](#)

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

[Council Regulation \(EU\) No 961/2010](#)

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General Court Rejects Zimbabwe Minister’s Claim for Damages

On 18 September 2014, the General Court rejected a claim brought by Aguy Georgias, Zimbabwe’s former Deputy Minister for Economic Planning and Development, for damages suffered by him and his companies, Trinity Engineering and Georgiadis Trucking, as a result of being subject to a travel ban and asset freeze from 2007 to 2011 pursuant to the EU’s sanctions regime related to Zimbabwe. Mr. Georgias was listed under Commission Regulation (EC) No 412/2007. Mr. Georgias had not sought to annul his actual listing.

The claim for damages related to an incident that occurred on 25 May 2007, when the former minister was detained at Heathrow Airport, London, and refused leave to enter or transit through the UK as part of a trip to visit family living in England, en route to New York. This allegedly forced him to incur additional travelling and hotel costs. Mr. Georgias also claimed for medical expenses related to personal stress caused by the freezing of his assets, and advertising costs incurred to mitigate the negative effects of the sanctions on his personal reputation.

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The General Court rejected Mr. Georgias's claim for two main reasons. First, he was refused entry into the UK by the authorities of a Member State, not the EU, so the alleged damage could not be said to have been caused by the EU's sanctions. Second, his listing was lawful as the reason provided by the EU for his listing - his status as a Deputy Minister - was sufficient because the Zimbabwean sanctions regime was targeted at members of the Zimbabwean government.

[New Zimbabwe News Article](#)

[Case T-168/12 Georgias & Others v Council of the European Union \[2014\]](#)

[Commission Regulation \(EC\) No 412/2007](#)

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US News

OFAC Issues Guidance on Certain Overflight and Emergency Landing Payments to Iran

On 23 September 2014, the US Treasury Department's Office of Foreign Assets Control ("OFAC") published a new Frequently Asked Question ("FAQ") on its website regarding payments to Iranian civil aviation authorities for overflights of Iran or emergency landings in Iran. Specifically, OFAC stated that such payments would not be sanctionable under US law if the relevant aircraft is owned by a non-US person and registered outside the United States,

provided that the relevant transactions do not involve persons on the Specially Designated Nationals and Blocked Persons List ("SDN List"). The transactions remain permissible even if a political subdivision, agency or instrumentality of the Government of Iran or an Iranian depository institution is involved, provided such entities are not on the SDN List.

[New FAQ #417](#)

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US Sanctions Military Commanders in South Sudan

On 18 September 2014, OFAC announced the designations of James Koang Chuol and Santino Deng Wol pursuant to Executive Order 13664, which authorises blocking sanctions on persons that threaten the peace, security or stability of South Sudan. Mr. Koang was designated for his role as a leader of anti-government forces whose members allegedly target civilians, including women and children. OFAC states that Mr. Koang, a former commander in the

South Sudanese military, has ordered attacks on United Nations camps, hospitals, churches and schools, and in April 2014 engaged in targeted killings in the city of Bentiu. Mr. Deng Wol is a Major General in the South Sudanese military who, according to OFAC, has continued to assault anti-government forces in violation of the January 23rd Cessation of Hostilities agreement.

[Treasury Department Press Release](#)

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OFAC Expands Narcotics Sanctions on La Oficina

On 16 September 2014, OFAC designated eight Colombian nationals pursuant to the Foreign Narcotics Kingpin Designation Act (“Kingpin Act”). OFAC described all eight individuals, three of whom are currently serving prison sentences in Colombia, as underbosses for the criminal group La Oficina de Envigado (“La Oficina”), based in Medellin, Colombia. La Oficina was itself designated as a Specially

Designated Narcotics Trafficker pursuant to the Kingpin Act on 26 June 2014, and OFAC asserts the organisation is involved in drug trafficking and violent enforcement services, such as drug debt collection, extortion and murder-for-hire.

[Treasury Department Press Release](#)

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UN News

16 Added to Al-Qaida Sanctions List

On 23 September 2014, a UN Security Council Committee extended its Al-Qaida sanctions list, pursuant to UN Security Council Resolution 2170 (2014), to include 14 individuals and 2 entities affiliated with the Islamic State group. The senior Islamic State group official, Abd al-Rahman Muhammad Mustafa al-Qaduli, has been added after he was released from prison and re-joined the group in 2012. The resolution coincides with US President Barack Obama’s call for an international coalition to fight Islamic State militants. Under the Security Council Resolution 2161 (2014), the individuals will face financial sanctions, a travel ban and an arms embargo.

The list of newly designated individuals consists of: (1) Ahmed Abdullah Saleh al-Khazmari al-Zahrani; (2) Azzam Abdullah Zureik al-Maulid al-Subhi; (3) Anders Cameroon Ostensvig Dale; (4) Ibrahim Suleiman Hamad al-Hablain; (5) Seifallah ben Hassine; (6) Abd al-Rahman bin ‘Umayr al-Nu’aymi; (7) Abd al-Rahman Khalaf ‘Ubayd Juday’ al-‘Anizi; (8) Anas Hasan Khattab; (9) Maysar Ali Musa Abdallah al-Juburi; (10) Shafi Sultan Mohammed al-Ajmi; (11) Abd al-Rahman

Muhammad Mustafa al-Qaduli; (12) Emilie Konig; (13) Kevin Guiavarch; and (14) Oumar Diaby.

The list of newly designated entities consists of: (1) Ansar Al-Shari’a in Tunisia; and (2) Abdallah Azzam Brigades.

The 15 member states also voted to “prevent and suppress the recruiting, organising, transporting or equipping of individuals” through “effective border controls and controls on issuance of identity papers and travel documents” in view of combatting terrorist acts and foreign terrorist fighters. Such individuals may be included in the Al-Qaida sanctions list pursuant to UNSC Resolutions 1267 (1999) and 1989 (2011).

[UN Al Qaida Sanctions List](#)

[UNSC Resolution 2170 \(2014\)](#)

[UNSC Resolution 2161 \(2014\)](#)

[UNSC Resolutions 1267 \(1999\) and 1989 \(2011\)](#)

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