

# **Sanctions Alert**

A bi-monthly summary of sanctions news and developments

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## Russia News

### Norway Tightens Russian Sanctions

On 10 October 2014, Norway's Ministry of Foreign Affairs adopted EU's latest set of economic sanctions against Russia, introduced on 12 September. The tightening of restrictive measures came into effect immediately. Norway's Minister of Foreign Affairs, Børge Brende, said "Russia has not complied with the demands made by the international community, including immediate, complete withdrawal of all military equipment and personnel from Ukrainian

territory. Despite massive international pressure, Russia has not demonstrated any willingness to change its course in Ukraine, which is in violation of international law."

[Norway Ministry of Foreign Affairs Press Release of 10 October 2014](#)

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### Russian Bill Would Allow Seizure of Foreign Assets

On 8 October 2014, the Russian Parliament passed the first reading of a new bill which would allow Russia to seize foreign assets on Russian territory and allow Russian citizens who have had their property seized by "unlawful court acts" in a foreign jurisdiction to apply for state compensation.

The draft law was introduced after the recent freeze of assets of Arkady Rotenberg, a longtime ally of President Putin, in Italy last month. Boris Nemtsov, a Russian politician critical of Putin, stated that the

bill was an attempt by Putin to protect designated Russian officials and businessmen from the impact of US and EU sanctions.

The Russian bill requires a further two readings in the lower house and an upper house approval before being signed into law.

[The Moscow Times News Article](#)

[Reuters News Article](#)

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## OFAC Authorises Transactions with Sberbank Subsidiary DenizBank

On 6 October 2014, the US Treasury Department's Office of Foreign Assets Control ("OFAC") published Ukraine-Related General License 3 pursuant to Executive Order ("E.O.") 13662, authorising all transactions with financial institutions named in the licence that would otherwise be prohibited by US sectoral sanctions against Russia. So far, only the Turkish bank DenizBank A.Ş., which is majority owned by Russia's Sberbank, has been named in the licence.

Under OFAC's "50% Rule", a company that is 50% or more owned by one or more sanctioned parties is itself subject to sanctions, even though it does not itself appear on any sanctions list. Because Sberbank is listed

in Directive 1 of the Sectoral Sanctions Identifications ("SSI") List, DenizBank also was subject to Directive 1, which prohibits US persons from engaging in transactions involving new debt of over 30 days' maturity or new equity of the sanctioned entities. As a result of the new general license, US persons are permitted to trade in new debt or equity of DenizBank. However, trade in new debt or equity of Sberbank itself and other entities of which Sberbank owns 50% or more remains restricted.

[Ukraine-Related General License No. 3](#)

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## UK BIS Updates FAQs on Russian Sanctions

On 3 October 2014, the UK's Department for Business, Innovation and Skills ("BIS"), which is responsible for implementing and enforcing EU trade restrictions within the UK, published an updated version of its frequently asked questions ("FAQs") about the trade aspects of the two sets of EU sanctions against Russia introduced since July 2014.

Two clarifications are provided regarding the scope of the sanctions, among other minor updates:

(1) BIS clarified that where a prohibition on the provision of "financial assistance" does not expressly refer to "insurance or reinsurance", the prohibition does not apply to insurance or reinsurance activities.

(2) As the sanctions prohibit direct or indirect provision of specified "associated services" to the Russian oil industry, an EU national or business supplying personnel or arranging the supply of staff to carry out those activities would indirectly be providing prohibited services. However, the FAQs state that the sanctions would not cover the provision of purely HR or payroll services.

[BIS FAQs on EU Sanctions Against Russia](#)

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## EU News

### EU Adds UN-Designated Individuals to Afghanistan Sanctions List

On 9 October 2014, the European Union published Council Implementing Regulation (EU) No. 1057/2014 and Council Implementing Decision 2014/701/CFSP, which amend the Annexes to Council Regulation (EU) No. 753/2011 and Council Decision 2011/486/CFSP. The regulations concern restrictive measures directed against certain individuals, groups, undertakings and entities in view of the situation in Afghanistan and adopt the designations made by the United Nations in Security Council Resolution 1988 (2011).

The following individuals associated with the Taliban have been designated: (1) Qari Rahmat; (2) Qari Saifullah Tokhi; (3) Yahya Haqqani; (4) Saidullah Jan; and (5) Muhammad Omar Zadran.

The identifying information of the following individuals has been amended: (1) Malik Noorzai; (2) Khairullah Barakzai Khudai Nazar; (3) Ahmed Shah Noorzai Obaidullah; (4) Jalaluddin Haqqani;

(5) Nasiruddin Haqqani; (6) Abdul Habib Alizai; (7) Ahmed Jan Wazir Akhtar Mohammed; (8) Bakht Gul; (9) Abdul-Haq Wassiq; (10) Abdul Jalil Haqqani Wali Mohammad; (11) Abdulhai Motmaen; (12) Najibullah Haqqani Hidayatullah; (13) Abdul Raqib Takhari; and (14) Saleh Mohammad Kakar Akhtar Muhammad.

The EU listings also set out additional information from the narrative summary of reasons for listing provided by the UN Sanctions Committee.

[Council Implementing Regulation \(EU\) No. 1057/2014](#)

[Council Implementing Decision 2014/701/CFSP](#)

[Council Regulation \(EU\) No. 753/2011](#)

[Council Decision 2011/486/CFSP](#)

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### EU Adds 16 UN-Designated Persons to Al Qaida Sanctions List

On 8 October 2014, the EU published Commission Implementing Regulation (EU) No. 1058/2014, amending Council Regulation (EC) No. 881/2002 which imposes restrictive measures against certain individuals and entities associated with the Al Qaida network. The new regulation adds the 14 individuals and 2 entities designated by the UN Security Council on 23 September 2014.

The individuals subject to freezing of assets are:  
(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;

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(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 two entities subject to freezing of assets are:

(1) Ansar Al-Shari'a and (2) Abdallah Azzam Brigades.

[Commission Implementing Regulation \(EU\) No. 1058/2014](#)

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

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## EU Amends North Korea Sanctions Lists

On 8 October 2014, the EU published Council Decision 2014/700/CFSP, which amends Council Decision 2013/183/CFSP, and Commission Implementing Regulation (EU) No. 1059/2014 which amends Council Regulation (EC) No. 329/2007, concerning restrictive measures against North Korea.

Both the new regulations update identifying information of four individuals: (1) Re Je-son; (2) Chang Myong-Chin; (3) Ra Ky'ong-Su; and (4) Kim Kwang-il.

The identifying information of the following entities has been updated by Regulation (EU) No. 1059/2014:

(1) Korea Mining Development Trading Corporation; (2) Amroggang Development Banking Corporation; (3) Green Pine Associated Corporation; (4) Korea Heungjin Trading Company; (5) Korean Committee for Space Technology; (6) Bank of East Land; (7) Korea Kumryong Trading Corporation; (8) Tosong Technology Trading Corporation; (9) Korea Ryonha

Machinery Joint Venture Corporation; (10) Leader (Hong Kong) International; (11) Second Academy of Natural Sciences; and (12) Korea Complex Equipment Import Corporation.

Council Decision 2014/700/CFSP has added Ocean Maritime Management Company Limited to Annex I of Council Decision 2013/183/CFSP for contributing to activities prohibited by the arms embargo against North Korea. It has also deleted JON Pyong-ho from the list in Annex II of Council Decision 2013/183/CFSP.

[Council Decision 2014/700/CFSP](#)

[Commission Implementing Regulation \(EU\) No. 1059/2014](#)

[Council Decision 2013/183/CFSP](#)

[Council Regulation \(EC\) No. 329/2007](#)

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## Iranian Entities Removed from EU Sanctions List

On 3 October 2014, five Iranian entities and one individual were removed from the EU sanctions list under Council Regulation (EU) 267/2012. The six parties won their de-listing court challenges earlier this year and the Council of the European Union did not

appeal against the judgments within the two-month time frame allowed for such appeals. Therefore, the de-listings have come into effect and asset freezes against those parties are no longer in force.

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The five entities and one individual that won their court challenges and are no longer designated are:

(1) National Iranian Tanker Company, one of the world's largest operators of double-hulled tankers for oil and gas transport; (2) Sharif University of Technology; (3) Sorinet Commercial Trust; (4) Sina Bank; (5) Moallem Insurance Company; and (6) Mr. Babak Zanjani.

For further information on the judgments, see Issue 23 of our Sanctions Alert.

[HM Treasury Financial Sanctions Notice of 03 October 2014](#)

[Case T-182/13 Moallem Insurance Co v Council \[2014\]](#)

[Case T-565/12 National Iranian Tanker Company v Council \[2014\]](#)

[Case T-157/13 Sorinet Commercial Trust Bankers Ltd v Council \[2014\]](#)

[Case 155/13 Babak Zanjani v Council \[2014\]](#)

[Case T-181/13 Sharif University of Technology v Council \[2014\]](#)

[Case T-67/12 Sina Bank v Council \[2014\]](#)

[Council Regulation \(EU\) 267/2012](#)

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## HM Treasury Renews Final Designations of 5 Iranians

On 2 October 2014, HM Treasury renewed the final designations of five Iranian individuals who were subject to terrorist asset freezing under UN Security Council Resolution 1373 (2001) and Council Regulation (EC) No. 2580/2001.

The individuals are: (1) Hamed Abdollahi; (2) Manssor Arbabsiar; (3) Abdul Reza Shahlai; (4) Gholam Ali Shakuri; and (5) Qasem Soleimani. Their final

designations will expire one year from the date they were made, unless revoked earlier or renewed.

[HM Treasury General Notice of 03 October 2014](#)

[UN Security Council Resolution 1373 \(2001\)](#)

[Council Regulation \(EC\) No. 2580/2001](#)

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## Amendments to Al Qaida Sanctions List

On 28 September 2014, Council Regulation (EC) 881/2002 (“the 2002 Regulation”), which imposes financial sanctions against individuals and entities associated with Al Qaida, was amended to update details of two individuals and remove one individual who was added to the 2002 Regulation in error.

The amended list consists of (1) Mokhtar Belmokhtar and (2) Hamid Hamad Hamid Al-Ali. The de-listed individual is Qari Rahmat. He was added to the 2002 Regulation instead of to Council Regulation (EC) No. 753/2011 (“the Afghanistan Regulation”), which imposes sanctions on individuals associated

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with the Taliban. A further regulation will follow to include Rahmat in the Afghanistan Regulation. In the meantime, Rahmat is not listed under any of the EU's financial sanctions regimes.

[HM Treasury Financial Sanctions Notice of 30 September 2014](#)

[Council Regulation \(EC\) 881/2002](#)

[UN Al Qaida Sanctions List](#)

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## Amendments to Syrian Sanctioned Entities

On 27 September 2014, the Council of the European Union published Council Implementing Regulation (EU) No. 1013/2014, which amended Annex II to Council Regulation (EU) 36/2012. The new regulation updates the names of two entities subject to an asset freeze: (1) Overseas Petroleum Trading; and (2) Tri Ocean Trading.

It also changes the listing grounds for an individual, Samir Hassan. Hassan, whose previous listing was annulled on 16 July 2014 by the General Court, has been re-listed on the grounds that he "is a prominent

businessman. Since March 2014, he has held the position of Vice Chairman for Russia of the Bilateral Business Councils."

[HM Treasury Financial Sanctions Notice of 30 September 2014](#)

[Council Implementing Regulation \(EU\) No. 1013/2014](#)

[Case T-572/11 Samir Hassan v Council \[2014\] \(in French\)](#)

[Council Regulation \(EU\) 36/2012](#)

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## EU Court Annuls Sanctions Against Gaddafi's Cousin

On 24 September 2014, the General Court of the EU (the "General Court") annulled the restrictive measures imposed on Colonel Gaddafi's cousin, Ahmed Mohammed Qadhaf Al Dam, including the freezing of his assets and a travel ban.

Mr. Qadhaf Al Dam had been included in the sanctions list against Libya in February 2011 on the grounds that he had "been involved in planning operations against Libyan dissidents abroad and was directly involved in terrorist activity", and had been re-listed on the same grounds in April 2013. The General Court found no reason for renewing the sanctions in 2013 - Gaddafi's regime had been overthrown and Qadhaf Al Dam had in any event resigned from the regime.

The General Court stated: "Although the Council claimed that in spite of the change of regime in Libya in 2011 he still represented a threat to restoring civil peace to that country, it provided no proof in that respect, despite Mr. Qadhaf al Dam's challenges."

The restrictive measures against Mr. Qadhaf Al Dam will remain in place for two months to allow the EU an opportunity to appeal against the ruling.

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

[Case T-348/13 Ahmed Mohammed Al Kadhaf Dam v Council \[2014\] \(in French\)](#)

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## US News

### US Expands Terrorist Designations

On 24 September 2014, the US Treasury Department designated eleven individuals and one entity as Specially Designated Global Terrorists (“SDGT”). The designations were made in support of United Nations Security Council Resolution 2178 (2014), which requires states to prevent the travel of foreign terrorist fighters to and from conflict zones. According to the Treasury Department, the eleven designated individuals have provided support to and worked with a range of terrorist organisations, including the Islamic State of Iraq and the Levant (“ISIL”), al Nusrah Front, Al Qaida and its affiliates and Jemaah Islamiya, as well as assisted foreign terrorist fighters to enter Syria and elsewhere. The Treasury Department also designated Hilal Ahmar Society Indonesia (“HASI”), ostensibly Jemaah Islamiya’s humanitarian arm, stating that HASI has engaged in efforts to recruit fighters for deployment in Syria as well as support senior Jemaah Islamiya officials’ travel to Syria.

On 30 September 2014, the US Treasury Department targeted two Pakistan-based terrorist organisations by designating three individuals and two entities as SDGTs. According to the Treasury Department,

Fazl-ur Rehman Khalil is the leader of Harakat ul-Mujahidin (“HUM”), a group that has been designated by the US State Department as a Foreign Terrorist Organisation (“FTO”) for its alleged attacks in Kashmir, India, and its maintenance of terrorist training camps. The Treasury Department also designated two alleged members of Lashkar-e Tayyiba (“LT”), Muhammad Naeem Sheikh and Umair Naeem Sheikh, for providing funding and financial support to LT, itself designated as an SDGT and FTO. Additionally, two companies based in Lahore, Pakistan, were designated as SDGTs: Abdul Hameed Shahab-Ud-Din, a textile, leather and shoe manufacturing and export company owned by Muhammad Naeem Sheikh, and Nia International, a chemical products company controlled by Umair Naeem Sheikh.

[US Department of the Treasury Press Release of 24 September 2014](#)

[US Department of the Treasury Press Release of 30 September 2014](#)

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### Italian Company Pays Penalty for Re-Export of Network Monitoring Kit to Syria

On 17 September 2014, the US Department of Commerce’s Bureau of Industry and Security (“BIS”) announced that an Italian company, Area S.p.A., agreed to a \$100,000 civil penalty to settle allegations that the company knowingly violated US export controls

by selling US-origin telecommunications equipment to the Syrian Telecommunications Establishment (“STE”) without required authorisation from the US government. According to BIS, the violation arose from a sale of a Central Monitoring System (“CMS”)

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capable of collecting data about web surfing, emails, online chatting and VOIP calling to STE. The sale of the CMS to STE was not subject to US export controls because the CMS contained only de minimis US content. However, Area subsequently transferred US-origin networking equipment to STE to monitor and test the CMS without the necessary US government authorisation for this transfer. BIS alleges that Area knew at the time of the transfer that US export

regulations prohibited the unlicensed transfer of the equipment to Syria and that, in the hands of the Syrian government, the system “could be used to further the repression of the Syrian people.”

[US Department of Commerce Press Release](#)

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## UN News

### UN Security Council Warns of Possible Sanctions Against Individuals and Entities Undermining Peace in Libya

In a statement released on 2 October 2014, the members of the UN Security Council voiced their support for a peaceful resolution to the on-going political violence in Libya, while expressing “readiness to use targeted sanctions, including asset freezes and travel bans, against individuals or entities that threatened Libya’s peace and stability or undermined its political transition”.

[UN Security Council Press Statement on Libya](#)

[The Economic Times News Article](#)

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# Sanctions Alert

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