

Sanctions Alert

A bi-monthly summary of sanctions news and events

In this Issue:

Russia News

- 03 EU Discusses Further Sanctions on Russia
 - 03 EU Clarifies Designation Criteria for Ukraine Sanctions List
 - 04 US Commerce Department Amends Export Regulations to Implement Trade Ban on Eastern Ukraine
 - 04 Apple Terminates RAD Agreements with Developers in Eastern Ukraine
-

EU News

- 04 Zimbabwe: EU Eases Travel Restrictions on President Mugabe
 - 05 Tunisia: EU Extends Sanctions List and Amends Reasons for Designation of Three Individuals
 - 05 Syria: Council Relists Three Individuals and One Entity
 - 05 Iran: General Court Annuls Designations of Entities
 - 06 Syria: General Court Dismisses Annulment Application Regarding the Designation of Mohammad Makhoul
 - 07 Hamas: EU Council Announces Intention to Appeal Annulment of Designation
 - 07 Al-Qaida: EU Updates Sanctions List
 - 08 Al-Qaida: General Court Annuls Designation of Abdulbasit Abdulrahim
 - 08 Ivory Coast: EU Updates Sanctions List
 - 08 Ivory Coast: General Court Annuls Designation of Marcel Gossio
-

US News

- 09 US Targets Additional Members of Mexico's Sinaloa Cartel
- 09 Chicago Resident Sentenced to Prison for Lobbying on Behalf of Zimbabwe
- 10 US Targets Individuals and Entity Tied to Dawood Ibrahim Criminal Network in India and Pakistan
- 10 Cuba: US Implements Limited Relaxation of Embargo

Continued on page 2

US News (contd.)

- 11 US Announces New Counterterrorism Designations
 - 11 US Electronics Exporter Challenges OFAC Penalty Assessment
-

UN News

- 12 Central African Republic: UN Extends Sanctions
-

Other News

- 12 Pakistan: Jamaat-ud-Dawa Sanctioned for Ties to Terrorist Group

Russia News

EU Discusses Further Sanctions on Russia

On 29 January, the European Council held an extraordinary meeting in response to the deteriorating situation in eastern Ukraine. The [Council's Conclusions](#) note the “evidence of continued and growing support given to the separatists by Russia, which underlines Russia’s responsibility”. The Council agreed to adopt further restrictive measures against individuals and entities and called on the High Representative of the Union for Foreign Affairs and Security Policy and the European Commission to present their proposals to the [Foreign Affairs Council on 9 February 2015](#).

The final decision will be taken in the Council’s [informal meeting on 12 February](#).

Harlem Desir, France’s European Affairs Minister, stated in the press that the EU will “reinforce the sanctions that target the separatists and those who support them, including in Russia”.

[BBC News Article](#)

[Back to the top](#)

EU Clarifies Designation Criteria for Ukraine Sanctions List

On 29 January, the EU published [Council Regulation \(EU\) 2015/138](#), which amends [Council Regulation \(EU\) No 208/2014](#), and [Council Decision \(CFSP\) 2015/143](#), which amends [Council Decision 2014/119/CFSP](#), concerning restrictive measures directed against certain individuals and entities in view of the situation in Ukraine. These amendments aim to clarify the designation criteria for targeting individuals responsible for the misappropriation of

Ukrainian State funds by including individuals subject to investigation by the Ukrainian authorities for (a) the misappropriation of Ukrainian public funds or assets, or (b) abuse of public office for unjustified personal advantage resulting in a loss to Ukrainian public funds or assets.

[Back to the top](#)

US Commerce Department Amends Export Regulations to Implement Trade Ban on Eastern Ukraine

On 29 January, the Commerce Department's Bureau of Industry and Security ("BIS") [amended](#) its Export Administration Regulations ("EAR") to require a license for the export or reexport to eastern Ukraine of any item subject to the EAR, other than food and medicine designated as EAR99. Simultaneously, the BIS established a presumption of denial for all such export and reexport license applications with an exception for items authorised under [Ukraine-Related General Licence No. 4](#) of the Treasury Department's

Office of Foreign Assets Control ("OFAC"), which applies to certain exports of agricultural commodities, medicine, medical supplies and replacement parts for certain medical equipment. The BIS stated that this action is consistent with the goals and objectives of [Executive Order \(E.O.\) 13685](#), which implemented a trade ban between the United States and eastern Ukraine (see our [Client Update of 8 January 2015](#)).

[Back to the top](#)

Apple Terminates RAD Agreements with Developers in Eastern Ukraine

On 18 January, it was reported in the press that Apple has issued notices of termination of its Registered Apple Developer Agreement ("RADA") to developers whose accounts are registered in eastern Ukraine. Apple cited the extension of EU and US sanctions as the reason for the termination (see our [Client Update](#)

[of 14 January 2015](#)). Following the RADA termination, developers from the region can no longer create or publish applications on Apple's App Store.

[Press Article](#)

[Back to the top](#)

EU News

Zimbabwe: EU Eases Travel Restrictions on President Mugabe

On 4 February, according to press reports, EU spokesperson Catherine Ray announced that the EU would relax though not remove travel restrictions placed on the President of the Republic of Zimbabwe, Robert Mugabe. Mugabe will be allowed to travel to Europe when travelling in his capacity as chairman

of the African Union, a rotating one-year position he assumed on 30 January 2015.

[Reuters Article](#)

[Back to the top](#)

Tunisia: EU Extends Sanctions List and Amends Reasons for Designation of Three Individuals

On 30 January, the EU published [Council Implementing Regulation \(EU\) 2015/147](#), which amends [Council Regulation \(EU\) 101/2011](#), and [Council Decision \(CFSP\) 2015/157](#), which amends [Council Decision 2011/72/CFSP](#) (“Decision 72”), concerning restrictive measures directed against certain individuals and entities in view of the situation in Tunisia. These amendments extend Decision 72 until 31 January 2016 and alter the reasons for designating the following individuals in the EU’s sanctions list

on Tunisia: (i) Moncef Ben Mohamed Ben Rhouma Trabelsi; (ii) Mohamed Adel Ben Mohamed Ben Rehouma Trabelsi; and (iii) Faouzi Ben Haj Hamda Ben Haj Hassen Ben Ali. The amended reasons state that these individuals were designated because they are subject to judicial investigations by the Tunisian authorities for complicity in the misappropriation of public funds or assets and the misuse of public office.

[Back to the top](#)

Syria: Council Relists Three Individuals and One Entity

On 26 January, the Council of the European Union issued [Council Implementing Decision \(CFSP\) 2015/117](#) concerning restrictive measures against Syria, relisting Aiman Jaber, Khaled Kaddour, and Mohamad Hamcho (collectively, the “Designated Individuals”), and Hamcho International in the EU’s sanctions list on Syria. This follows a decision by the General Court of the European Union on 13 November 2014 to annul their designations (see our [Client Update of 26 November 2014](#)).

The Designated Individuals are prominent Syrian businessmen. The Council’s revised statement of reasons provides details of their association with Maher al-Assad, President Bashar al-Assad’s brother, and other key figures of the Syrian regime, as well as their benefit from and active support to the regime. Hamcho International is a large Syrian holding company owned by Mohamad Hamcho.

[Back to the top](#)

Iran: General Court Annuls Designations of Entities

On 22 January, the General Court annulled in two separate cases the designation of entities in the EU’s sanctions list on Iran. The first case involved 35 entities implicated as subsidiaries or affiliates of the Islamic Republic of Iran Shipping Lines (collectively, the “IRISL Entities”), which has been implicated

in Iran’s nuclear and ballistic missile programmes. The second case involved Bank Tejarat, a commercial bank partly owned by the Iranian state, which was allegedly directly involved in facilitating Iran’s nuclear efforts by providing financial assistance to designated entities.

[Continued on page 6](#)

In respect of the IRISL Entities, the General Court held that, at the time of their designation, IRISL was not validly identified as providing support for nuclear proliferation. Therefore, their designation could not be maintained on the sole basis of their association with IRISL. The subsequent re-designation of IRISL did not have retroactive effect and could not remedy the absence of sufficient justification at the time of the IRISL Entities' designation.

In respect of Bank Tejarat, the General Court held that the Council had failed to prove the bank's involvement in nuclear activities to the required legal standard. In particular, it held that the Council failed to show that Bank Tejarat provided financial or other services to entities and individuals subject to restrictive measures. Moreover, following its partial privatisation in 2009, Bank Tejarat was no longer majority owned by the Iranian state. In the absence of additional

arguments, the Court held that the bank's shareholder composition could not justify the conclusion that it provided support to nuclear proliferation or aided designated entities to avoid restrictive measures.

The effect of these annulments has been stayed for two months and 10 days or for the duration of any appeal that may be brought. This period allows the Council (should it so decide) to re-designate the IRISL Entities and/or Bank Tejarat in a manner compliant with the requirements of EU case law.

[Joined Cases T-420/11 and T-56/12 Ocean Capital Administration GmbH & Ors v Council \[2015\]](#)

[Case T-176/12 Bank Tejarat v Council \[2015\]](#)

[Back to the top](#)

Syria: General Court Dismisses Annulment Application Regarding the Designation of Mohammad Makhlof

On 21 January, the General Court dismissed Mohammad Makhlof's application to annul his designation in the EU's sanctions list on Syria. Makhlof was listed because he is a close associate and uncle of President Bashar Al Assad, as well as a business associate and father of Rami, Ihab and Iyad Makhlof, prominent Syrian businessmen.

The General Court rejected Makhlof's arguments and held that his close family ties to

President Bashar Al Assad, as well as the "well known fact" that the administration of power in Syria lies with the ruling family, sufficed for the Council to presume that he was linked to the Syrian regime.

[Case T-509/11 Mohammad Makhlof v Council of the European Union \[2015\] \(French\)](#)

[Reuters Article](#)

[Back to the top](#)

Hamas: EU Council Announces Intention to Appeal Annulment of Designation

On 20 January, the Council of the European Union [announced](#) its intention to appeal the [decision of the General Court](#) to annul the designation of Hamas pursuant to [Council Regulation \(EC\) 2580/2001](#) on specific restrictive measures combating terrorism (“Regulation 2580”) and [Council Decision of 27 December 2001](#), which establishes a list of individuals and entities designated under Regulation 2580 (see our [Client Update of 14 January 2015](#)).

In particular, the Council intends to challenge some of the findings of the General Court regarding the procedural grounds for designating terrorist organisations under the EU regime. The annulment of Hamas’s designation is suspended until a final judgment is rendered by the European Court of Justice.

[Back to the top](#)

Al-Qaida : EU Updates Sanctions List

On 3 February, the EU published [Commission Implementing Regulation \(EU\) 2015/167](#), which amends for the 225th time [Council Regulation \(EC\) No 881/2002](#) which imposes certain restrictive measures directed against individuals and entities associated with Al-Qaida (“Regulation 881”).

On 16 January, the EU published [Commission Implementing Regulation \(EU\) 2015/64](#), which also amends Regulation 881. These amendments aim to bring Regulation 881 in line with revisions made between November 2014 and January 2015 by the Sanctions Committee of the United Nations Security Council (see our [Client Update of 14 January 2014](#)).

The following individuals were added to Regulation 881: (i) Ashraf Muhammad Yusuf ‘Uthman ‘Abd Al-Salam; (ii) Ibrahim ‘Isa Hajji Muhammad Al-Bakr; (iii) Tarkhan Tayumurazovich Batirashvili; and (iv) ‘Abd Al-Malik Muhammad Yusuf ‘Uthman ‘Abd Al-Salam. These individuals are now subject to the asset freezing measures imposed by Regulation 881.

The following individuals were removed from Regulation 881: (i) Ismail Mohamed Ismail Abu Shaweesh; and (ii) Aqeel Abdulaziz Aqeel Al-Aqeel. These individuals are no longer subject to the asset freezing measures imposed by Regulation 881.

The entries of the following individuals were amended to provide more accurate information: (i) Doku Khamatovich Umarov; (ii) Aris Munandar; (iii) Yassin Syawal; (iv) Mohamed Ben Belgacem Ben Abdallah Al-Aouadi; (v) Adel Ben Al-Azhar Ben Youssef Hamdi; (vi) Sami Ben Khamis Ben Saleh Elsseid; and (vii) Mohamed Lakhel. These individuals remain subject to the asset freezing measures imposed by Regulation 881.

On 20 January, HM Treasury issued a [Financial Sanctions Notice](#) which amends its [Consolidated Sanctions List](#) to bring it in line with some of the changes introduced by Regulation 881.

[Back to the top](#)

Al-Qaida: General Court Annuls Designation of Abdulbasit Abdulrahim

On 14 January, the General Court annulled the designation of Abdulbasit Abdulrahim in the EU's Al-Qaida sanctions list. Abdulrahim was implicated as a member and fundraiser for the Libyan Islamic Fighting Group ("LIFG"), an Islamist extremist group which became associated, and subsequently merged, with Al-Qaida in 2007.

The General Court held that the reasons provided by the United Nations' Al-Qaida Sanctions Committee did not suffice to justify Abdulrahim's designation at an EU level. It was convinced by the detailed explanations provided by Abdulrahim, as well as the judgments of the English High Court and the Special Immigration Appeals Commission, which demonstrated that

(i) LIFG only became associated with Al-Qaida after 2001, when Abdulrahim had ceased to be involved in the organisation, (ii) membership of LIFG did not automatically imply links to Al-Qaida until 2007, and (iii) US and UK authorities did not consider LIFG a terrorist organisation until 2004.

Abdulrahim is also no longer designated in the [list](#) established and maintained by the United Nations' Al-Qaida Sanctions Committee.

[Case T-127/09 RENV Abdulbasit Abdulrahim v Council of the European Union \[2015\]](#)

[Back to the top](#)

Ivory Coast: EU Updates Sanctions List

On 27 January, the EU published [Council Implementing Regulation \(EU\) 2015/109](#) and [Council Implementing Decision \(CFSP\) 2015/118](#), which amend, respectively, [Council Regulation \(EC\) No 560/2005](#) ("Regulation 560") and [Council Decision 2010/656/CFSP](#) ("Decision 656") in connection with restrictive measures imposed on individuals and entities in view of the situation in the Ivory Coast. The amendments bring Regulation 560

and Decision 656 in line with the revision by the United Nations Security Council Committee on the Ivory Coast by removing Alcide Djédjé, a close advisor to ex-President Laurent Gbagbo and a member of his illegitimate government, from their list of persons subject to restrictive measures.

[UNSC Committee on the Ivory Coast Press Release](#)

[Back to the top](#)

Ivory Coast: General Court Annuls Designation of Marcel Gossio

On 14 January, the General Court annulled the designation of Marcel Gossio in the EU's sanctions list on the Ivory Coast. Gossio, a former Director General

of the Port of Abidjan, was sanctioned for providing financial support to the regime of ex-President Laurent Gbagbo, embezzling public funds, and arms trafficking.

[Continued on page 9](#)

The General Court annulled his designation because it found the Council had failed to prove to the required legal standard that Gossio continues to present a threat to the stability and security of the Ivory Coast.

In reaching this decision the General Court took into account recent developments, including (i) Gossio's public position in favour of peace and national reconciliation and his engagement with the Ivory Coast's democratically elected government,

(ii) the choice of local authorities not to exercise the international warrant issued for Gossio's arrest, and (iii) the annulment of restrictive measures imposed on Gossio by the Swiss authorities. It also took into account the Council's failure to introduce new evidence.

[Case T-406/13 Marcel Gossio v Council of the European Union \[2015\] \(French\)](#)

[Back to the top](#)

US News

US Targets Additional Members of Mexico's Sinaloa Cartel

On 27 January, the US Treasury Department [announced](#) the designation of Victor Manuel Felix Beltran and Alfonso Limon Sanchez, both Mexican nationals, under the Foreign Narcotics Kingpin Designation Act ("Kingpin Act"). According to the Treasury Department, Felix Beltran is an important drug-trafficker for the Sinaloa Cartel,

and Limon Sanchez, prior to his arrest in Mexico in November 2014, allegedly supplied the Sinaloa Cartel with multiple tons of cocaine. Both men have recently been indicted in the United States on drug trafficking charges.

[Back to the top](#)

Chicago Resident Sentenced to Prison for Lobbying on Behalf of Zimbabwe

On 20 January, according to press reports, C. Gregory Turner, a 72-year-old resident of Chicago's South Side, was sentenced to 15 months in prison for accepting payments from blocked officials of the Republic of Zimbabwe to lobby against sanctions. He had been convicted by a jury on 10 October 2014. Apparently, Turner and another Chicago resident, Prince Asiel Ben Israel, had succeeded in persuading

the Zimbabwean officials to pay them \$2.3 million based on the claim that they had influence with President Obama and other US government officials. Ben Israel pleaded guilty in April 2014 and was sentenced to seven months in prison.

[Reuters Article](#)

[Back to the top](#)

US Targets Individuals and Entity Tied to Dawood Ibrahim Criminal Network in India and Pakistan

On 16 January, the US Treasury Department [announced](#) that it was blocking the property of two Indian nationals, Shaikh Anis Ibrahim Kaskar and Aziz Moosa Bilakhia, together with one Pakistani entity, Mehran Paper Mill, pursuant to the Kingpin Act. The Treasury Department alleges that the two individuals are long-time members of “D Company,” a South Asian criminal organisation reportedly led by Dawood Ibrahim. According to the

Treasury Department, Anis Ibrahim, the brother of Dawood Ibrahim, and Bilakhia are involved in various illegal activities, including narcotics trafficking, extortion, debt collection, contract killings and money laundering. Anis Ibrahim is accused of involvement in the 1993 Mumbai bombings, and Bilakhia is also wanted by Indian authorities in connection with these bombings.

[Back to the top](#)

Cuba: US Implements Limited Relaxation of Embargo

On 15 January, the US Treasury Department’s Office of Foreign Assets Control (OFAC) revised its [Cuban Assets Control Regulations](#) and the US Commerce Department’s Bureau of Industry and Security (BIS) revised its [Export Administration Regulations](#) regarding the US embargo of Cuba.

These regulations implement changes to the embargo that President Obama announced on 17 December 2014. Although the revised regulations now permit many previously prohibited transactions, the core prohibitions of the trade embargo between the United States and Cuba remain in force, and most transactions with Cuban nationals by persons subject to US jurisdiction remain prohibited.

The amended regulations contain new general licences that allow US citizens and residents to travel to Cuba, without prior authorisation, in connection with each of the categories of travel that OFAC is permitted by statute to licence. They also eliminate a number of the previously applicable restrictions on spending, travel services and financial services incidental to

authorised travel to Cuba. However, each of the general licences is subject to conditions specified in the regulations. Tourist travel to Cuba by US citizens and residents remains prohibited by statute.

The changes to the regulations also permit subsidiaries of US companies to provide goods and services to individual Cuban nationals in third countries, as long as no commercial exportation of goods or services to Cuba is involved. In addition, they authorise insurers to issue global travel, life and health insurance policies to third-country nationals without carving out travel to Cuba.

New categories of imports from and exports to Cuba have been authorised, notably including telecommunications equipment. Certain restrictions governing remittances and financial services, among other things, have also been made less onerous.

For a more complete discussion of these changes and others, please see our [Client Update of 20 January 2015](#).

[Back to the top](#)

Continued on page 11

US Announces New Counterterrorism Designations

On 14 January, the US State Department [announced](#) the designation of Abdallah al-Ashqar, a Palestinian national, as a Specially Designated Global Terrorist (“SDGT”) under Executive Order 13224, which targets terrorists and those providing support to terrorism. According to the State Department, al-Ashqar is a leader and foreign relations official of the Mujahidin Shura Council in the Environs of Jerusalem, which is a designated Foreign Terrorist Organization (“FTO”) and SDGT entity.

On 13 January, the State Department [announced](#) Maulana Fazlullah, aka Mullah Fazlullah, had been designated as a SDGT. According to the State

Department, Fazlullah is the leader of Tehrik-e Taliban Pakistan (“TTP”), the group that claimed responsibility for the attack on a Pakistani school in December 2014 that resulted in the deaths of at least 148 individuals, mostly students. Prior to his leadership of TTP, the State Department believes Fazlullah was involved in numerous other terrorist activities, including the targeted killing of Pakistani Army Major General Sanaullah Niazi and the beheading of 17 Pakistani soldiers, as well as ordering the shooting of Malala Yousafzai, a Pakistani schoolgirl, activist and youngest-ever Nobel Prize laureate.

[Back to the top](#)

US Electronics Exporter Challenges OFAC Penalty Assessment

On 31 December 2014, Epsilon Electronics Inc. (“Epsilon”), a California-based entity, [commenced a lawsuit](#) in the US District Court for the District of Columbia seeking judicial review of an OFAC [penalty assessment](#) in the amount of \$4,073,000 for violations of the Iranian Transactions and Sanctions Regulations. The alleged violations consisted of exporting car audio and video equipment to the United Arab Emirates for reexport to Iran. In assessing the penalty, OFAC [found](#) that Epsilon knew or had reason to know that

the equipment was specifically destined for Iran. Epsilon is now alleging that the penalties imposed by OFAC violate the Administrative Procedures Act on the grounds that they are arbitrary and capricious, are not supported by substantial evidence, fail to take into consideration OFAC’s own guidance and enforcement guidelines, and are excessive.

[Back to the top](#)

UN News

Central African Republic: UN Extends Sanctions

On 22 January, the United Nations Security Council adopted [Resolution 2196 \(2015\)](#) (“Resolution 2196”), which imposes further restrictive measures on the Central African Republic (the “CAR”). Resolution 2196 renews the arms embargo, travel restrictions and asset freezes adopted pursuant to [UNSC Resolution 2127 \(2013\)](#) and [UNSC Resolution 2134 \(2014\)](#), and extends their effect to 29 January 2016. In response to

concerns that armed groups continue to destabilise the CAR, Resolution 2196 widens designation criteria to target individuals and entities engaging in or providing support for acts that undermine the CAR’s peace, stability or security.

[Back to the top](#)

Other News

Pakistan: Jamaat-ud-Dawa Sanctioned for Ties to Terrorist Group

On 22 January, Pakistan announced it had imposed restrictive measures on Jamaat-ud-Dawa (“JuD”), an organisation associated with terrorist group Lashkar-e-Taiba, according to the United States and the United Nations. The restrictive measures include an asset freeze and travel restrictions on Hafiz Saeed, JuD’s leader. Tasneem Aslam, a Pakistan Foreign Office spokesperson, said the decision was made exclusively pursuant to Pakistan’s United Nations obligations.

Pakistan also banned the Haqqani Network, a terrorist organisation associated with the Taliban.

[Press Briefing by Foreign Office Spokesperson](#)

[Foreign Policy Article](#)

[Back to the top](#)

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