

# Sanctions Alert

A monthly summary of sanctions news and events

## In this Issue:

### Iran News

- 03 FATF temporarily lifts counter-measures on Iran
- 03 HM Treasury removes three Iranian companies from sanctions list following ECJ ruling
- 04 OFAC authorises third-country carriers to fly US-origin aircraft to Iran

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### Russia News

- 04 Russia extends food embargo
- 04 Russia removes economic sanctions on Turkey
- 05 EU prolongs Russia sectoral sanctions
- 05 Russian companies barred by Ukraine
- 05 House of Commons Defence Committee requests fortification of Russia sanctions
- 05 UK PM confirms Brexit will not affect EU sanctions on Russia

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### EU News

- 06 ECJ dismisses former Zimbabwe Attorney General Appeal
- 06 EU General Court dismisses Samir Hassan's Syria case
- 06 EU General Court dismisses damages claim by Bredenkamp
- 07 EU imposes further sanctions on North Korea
- 07 EU lists two new individuals under ISIL & Al-Qaeda sanctions

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### US News

- 07 OFAC adjusts maximum penalties for inflation
- 08 New York DFS issues new AML and sanctions rule for financial institutions
- 08 OFAC renews general licences relating to businesses of accused Panamanian narcotics traffickers
- 08 OFAC adds new Cuba FAQs regarding financial transactions and travel recordkeeping
- 09 OFAC settles with two medical suppliers over unlicensed shipments of medical supplies to sanctioned countries

Continued on page 2

- 09 OFAC issues findings of violation against bank and insurance companies for failure to properly screen existing accounts
  - 10 Kim Jong Un and other North Korea senior officials designated for human rights abuses
  - 10 DRC government security official sanctioned
  - 10 US blocks several suppliers to Syrian government
  - 11 OFAC designates additional terrorist groups and individuals
  - 12 OFAC removes several individuals from terrorism and narcotics lists
  - 12 US court sentences Chinese national for illegal export scheme
  - 13 US national sentenced for illegal exports to Russia
- 

**UN News**

- 13 UN & EU update designation and derogation criteria in Congo
- 

**UK News**

- 14 UK Court dismisses judicial review claim regarding sanctions funding
- 14 UK designation expires under the Terrorist Asset-Freezing Act
- 14 UK government launches Export Control Joint Unit
- 15 Court of Appeal decides payment of debt does not breach Libya sanctions

## Iran News

### FATF temporarily lifts counter-measures on Iran

As of 24 June 2016, the Financial Action Task Force (“FATF”), an inter-governmental body tasked with developing policies to protect the global financial system against money laundering, terrorist financing and the financing of weapons of mass destruction, has suspended its requirement that member states impose counter-measures on Iran for strategic deficiencies in its anti-money laundering/combating the financing of terrorism (“AML/CFT”) regime. The imposition of FATF countermeasures is recommended in relation to countries with a higher AML/CFT risk profile and can include, for example, ordering enhanced reporting requirements for financial institutions or limiting business relationships with the targeted countries.

The FATF [welcomed](#) Iran’s adoption of the Action Plan but has stated that it will reinstate the countermeasures if Iran does not achieve sufficient progress in implementing the Action Plan within 12 months. However, the FATF continues to recommend the use of enhanced due diligence when dealing with Iranian business during the period of this suspension.

While the FATF’s recommendations are not binding, they are influential. This marks another step towards Iran resuming dealings with Western financial institutions, subject to compliance with various conditions.

[Back to the top](#)

### HM Treasury removes three Iranian companies from sanctions list following ECJ ruling

HM Treasury has removed three Iranian companies, IRISL Club, IRISL Multimodal Transport Company and Leading Maritime PTE LTD, from its list of sanctions targets. All were previously listed under the EU’s anti-nuclear proliferation sanctions on Iran. The [HM Treasury notice](#), dated 3 August 2016, provides that asset freezes no longer apply to these companies.

This followed the companies’ successful annulment applications to the European Court of Justice (“ECJ”) in January 2016, in joined cases [T-420/11 and T-56/12](#) *Ocean Capital Administration GmbH & Ors v Council*.

[Back to the top](#)

## OFAC authorises third-country carriers to fly US-origin aircraft to Iran

On 29 July 2016, OFAC issued a new Iran [General License J](#), which authorises non-US persons to re-export fixed-wing civil aircraft to Iran on temporary sojourn for up to 72 hours. The effect of General License J is to authorise non-US carriers operating US-origin aircraft (or non-US aircraft with more than 10% US content) to land in Iran, if the conditions in General License J are satisfied.

This authorisation applies only if the aircraft is not registered in the US, in Iran or in certain other sanctioned countries. It also is limited by several conditions designed to ensure (among other things) that the non-Iranian operator retains control of the aircraft.

[Back to the top](#)

## Russia News

### Russia extends food embargo

Russia has renewed its embargo on food imports from several of the countries that have imposed sanctions on Russia, until 31 December 2017. The countries include a number of EU member states, the USA, Canada, Australia, Norway, Albania, Montenegro, Iceland, Liechtenstein and Ukraine.

Government statements regarding the extension of the embargo can be viewed [here](#).

[Back to the top](#)

### Russia removes economic sanctions on Turkey

Russian Prime Minister, Dmitry Medvedev, has requested ministers to lift economic sanctions against Turkey. The sanctions were imposed last year in response to an incident at Turkey's border with Syria, when Turkey shot down a Russian fighter plane (see [Issue 45 of the Sanctions Alert](#)). The sanctions restrict the import of certain Turkish goods and also limit tourism to Turkey. Medvedev has said that

the sanctions will be lifted in stages, and that tourism sanctions in particular will be only be lifted once Russia considers that certain safety requirements have been met.

Statements by government officials from both sides can be viewed [here](#).

[Back to the top](#)

## EU prolongs Russia sectoral sanctions

The EU has renewed its sectoral sanctions on Russia until 31 January 2017. The renewed sectoral sanctions were initially imposed on 31 July 2014 and targeted Russia's oil and defence sectors, as well as restricting the trade of dual use goods, and access to EU Capital Markets by certain listed Russian government-controlled companies. The European Council has previously agreed to link the duration of its sectoral sanctions against Russia to the implementation of

the Minsk ceasefire agreement, originally promised for December 2015, but sporadic fighting in Eastern Ukraine has led to the prolongation of the EU's sectoral sanctions.

The Council of the EU's press release can be viewed [here](#).

[Back to the top](#)

## Russian companies barred by Ukraine

243 Russian companies have been barred from operating within Ukraine after it was determined that they had conducted business in areas controlled by pro-Russian separatists.

This decision follows a series of sanctions measures enacted by Ukraine after Russia's annexation of Crimea, and alleged ties to separatist campaigns.

[Back to the top](#)

## House of Commons Defence Committee requests fortification of Russia sanctions

The House of Commons Defence Committee has published a report entitled "Russia: Implications for UK defence and security" requesting the UK government to "consider extending travel bans to a larger proportion of the Russian leadership." The Committee also noted that sanctions on Russia have primarily

caused economic harm felt to the Russian public, rather than achieving their aim of reducing Russian military investment and expansion. The report can be accessed [here](#).

[Back to the top](#)

## UK PM confirms Brexit will not affect EU sanctions on Russia

On August 1, in a meeting with Ukrainian President Petro Poroshenko, Prime Minister Theresa May confirmed the UK has not changed its position with regard to sanctions against Russia. Sanctions

will therefore "remain in full implementation of the [Minsk Agreements](#)," as specified in the [President of Ukraine's press release](#).

[Back to the top](#)

## EU News

### ECJ dismisses former Zimbabwe Attorney General Appeal

In a [judgment](#) dated 28 July 2016, the ECJ dismissed an appeal by the former Zimbabwe Attorney General, Johannes Tomana, and 120 others, against the General Court's [decision](#) last year not to remove asset freezes imposed on the appellants. Since the original judgement, all appellants have been de-listed and most of the sanctions on Zimbabwe lifted.

The appeal centred on an argument that the EU did not have the power to include people not

connected with the government. The Court held that all individuals on the list were "associated" with the government in some way. The Court further held that even those in non-governmental positions had committed acts of election violence and should therefore be held responsible.

[Back to the top](#)

### EU General Court dismisses Samir Hassan's Syria case

Samir Hassan's application to annul his listing in the EU's sanctions on Syria has been rejected by the EU General Court.

In its [decision](#), the Court explained that there was no need to consider any other reason for Hassan's listing because his position as Vice President of Syria's bilateral business council with Russia was sufficient to satisfy

the criterion that he benefitted from or supported the Assad regime. On the basis that the Council's conduct in listing Hassan was not unlawful, the Court also rejected Hassan's proportionality and presumption of innocence arguments, and his claim for damages.

[Back to the top](#)

### EU General Court dismisses damages claim by Bredenkamp

The EU General Court rejected the application brought by John Bredenkamp and three companies owned by him, for damages arising from their listing on the EU's sanctions against Zimbabwe. Bredenkamp is a Zimbabwean businessman who notably founded the Casalee Group, a leaf tobacco merchandising company and trader.

In its [decision](#), the Court found that Bredenkamp's close ties to the government of Zimbabwe, and

financial support of the Mugabe regime, were sufficient to justify his inclusion on the targeted sanctions list. His inclusion was therefore not unlawful, and the applicants were not entitled to damages and were ordered to pay costs.

[Back to the top](#)

## EU imposes further sanctions on North Korea

In line with revised UN sanctions on North Korea, the EU has added new items to the list of sensitive goods that are subject to prohibitions on transfer, procurement, and provision of related technical assistance.

The EU has also tightened existing restrictions on North Korean vessels, by implementing the UN's prohibition on entry into ports by vessels owned,

operated, or crewed by North Korea to cover North Korean flagged vessels.

The updates were implemented by [Council Regulation \(EU\) 2016/1333](#), amending [Council Regulation \(EC\) No 329/2007](#), and [Council Decision \(CFSP\) 2016/1341](#), amending [Council Decision \(CFSP\) 2016/849](#).

[Back to the top](#)

## EU lists two new individuals under ISIL & Al-Qaeda sanctions

Following updated listings by the UN, the EU has added two individuals to its ISIL and Al-Qaeda sanctions regime. The Russian nationals, Aslan Byutukaev and Ayrat Vakhitov, were listed by the UN for "participating in the financing, planning, facilitating, preparing, or perpetrating of acts" for Al-Qaeda.

The listings were enacted by [Commission Implementing Regulation \(EU\) 2016/1347](#), amending [Council Regulation \(EC\) No 881/2002](#).

[Back to the top](#)

## US News

### OFAC adjusts maximum penalties for inflation

On 1 July 2016, OFAC issued an [interim final rule](#) increasing the maximum civil penalty amounts for violation of the sanctions laws it administers, with effect from 1 August. It acted under authority of an act of Congress authorising the adjustment of statutory penalty amounts for inflation.

The increases were from \$65,000 to \$83,864 under the Trading With the Enemy Act, which governs the Cuba sanctions regime; from \$1,075,000 to \$1,414,020 under the Foreign Narcotics Kingpin Designation Act; and from \$250,000 to \$284,582 (or twice the amount of the underlying transaction, if

greater) for violations of the International Emergency Economic Powers Act, which governs most other sanctions regimes that OFAC administers.

In addition, OFAC increased the maximum civil penalty from \$50,000 to \$75,122 (or twice the amount of the funds in question, if greater) for violations of the requirement that financial institutions freeze funds of foreign terrorist organisations, and from \$10,000 to \$12,856 for violations of the law implementing the Kimberley process certification scheme for rough diamonds.

[Back to the top](#)

## New York DFS issues new AML and sanctions rule for financial institutions

On 30 June 2016, the New York Department of Financial Services published a [final rule](#) requiring certain New York-chartered and -regulated institutions to enhance elements of their Bank Secrecy Act and anti-money laundering compliance programs. These enhancements set expectations for mandatory suspicious transaction monitoring and sanctions

filtering programs. Under the new regulations, covered institutions would need to file either a board resolution or a “compliance finding” by a “senior officer” with relevant responsibility certifying compliance with the new regulations. For further details, please see our [Client Update](#) of 6 July 2016.

[Back to the top](#)

## OFAC renews general licences relating to businesses of accused Panamanian narcotics traffickers

As previously reported in [Issue 48 of the Sanctions Alert](#), the US has designated a number of businesses associated with the Waked family of Panama under the Foreign Narcotics Trafficking Kingpin Designation Act. In connection with these designations, OFAC issued several general licences authorising limited categories of transactions as well as a set of frequently asked questions and answers explaining the authorisations.

Subsequently, OFAC issued [General License 4C](#) on 1 July 2016, and [General License 5B](#) and

[General License 6B](#) on 21 July 2016, replacing existing General Licenses 4B, 5A and 6A. OFAC also updated its [FAQs](#) relating to the licences. Among other things, the amended licences extend through early 2017 the authorisations to engage in certain transactions with businesses located at Soho Mall in Panama and to engage in certain transactions in connection with the seizure of Balboa Bank & Trust and Balboa Securities Corp. by the Panamanian government.

[Back to the top](#)

## OFAC adds new Cuba FAQs regarding financial transactions and travel recordkeeping

OFAC has issued three new [FAQs](#) regarding Cuba and updated a fourth. Questions 43 and 50, added on [8 July](#), relate to financial services. Question 43 points out that banks, credit unions and money remitters may process authorised remittances to and from Cuba. Question 50

clarifies that Cuban banks are not authorised to open correspondent accounts in the US.

Question 38, added on [25 July](#), and Question 39, updated on that same day, relate to the recordkeeping requirements for airlines, vessel operators and travel

[Continued on page 9](#)

agents regarding travel between the US and Cuba when an individual travels under an OFAC specific licence. In response to public feedback concerning the technical burden of keeping licence copies, the FAQs as amended state that the carrier or travel service provider may

retain a record of the traveller's specific licence number rather than a physical or electronic copy of the licence.

[Back to the top](#)

## OFAC settles with two medical suppliers over unlicensed shipments of medical supplies to sanctioned countries

On 23 June 2016, the US Treasury Department's Office of Foreign Assets Control (OFAC) [announced](#) that HyperBranch Medical Technology, Inc. had agreed to pay \$107,691.30 to settle potential civil liability for apparent violations of the Iranian Transactions and Sanctions Regulations. According to OFAC, HyperBranch had on two occasions shipped surgical sealant to its UAE distributor without a licence, with reason to know the product was destined for Iran. OFAC found that the transactions were voluntarily self-disclosed and non-egregious, and it calculated the base penalty under its guidelines as \$159,542.

Separately, on 5 July 2016, OFAC [announced](#) an agreement with Alcon Laboratories, Inc. and several of its affiliates to settle potential civil liability

for apparent violations of the Iranian Transactions and Sanctions Regulations and Sudanese Sanctions Regulations for a payment of \$7,617,150. OFAC found that, from 2008 to 2011, Alcon engaged in the sale and exportation of medical end-use surgical and pharmaceutical products from the US to distributors located in Iran and Sudan without proper OFAC authorization. OFAC found that the transactions were not self-disclosed and non-egregious, and calculated the base penalty as \$16,927,000.

In both cases, OFAC noted that the exports were likely to have been eligible for a specific licence if the exporters had applied for such authorisation.

[Back to the top](#)

## OFAC issues findings of violation against bank and insurance companies for failure to properly screen existing accounts

In a series of releases on [27 July](#) and [2 August](#), OFAC announced that it had issued findings of violation ("FOVs") to one bank and two insurance companies for failure to identify or block individuals who were designated under the Foreign Narcotics Trafficking Kingpin Designation Act. An FOV constitutes a formal finding by OFAC that a violation occurred but does not involve the imposition of a civil or criminal penalty.

The first of the three involved a bank, which improperly failed to identify and block the accounts it maintained at its Laredo, Texas branch on behalf of individuals designated under the Kingpin Act. According to OFAC, the designated individuals are members of the Sanchez Garza family of Guadalajara, Mexico, and are involved in money laundering operations on behalf of the drugs smuggling

[Continued on page 10](#)

organisation headed by Rafael Cara Quintero. According to OFAC, the bank's failure to identify and block the accounts was due to a misconfiguration in the bank's sanctions screening software. It appears that the violations were not voluntarily self-disclosed.

Separately, OFAC found that an insurer failed to detect and block health insurance policies issued to three individuals after they were added to the Kingpin Act list. Neither insurer nor its third-party

administrator ("TPA") rescreened the names of existing policyholders, with the result that about \$14,000 in payments were processed that it should have blocked. The violation was detected when the insurer hired a new TPA, which screened the names. OFAC also issued a similar FOV to the TPA (another insurer) that processed the policies. The violation was voluntarily self-disclosed by the policy-issuing insurance company.

[Back to the top](#)

## Kim Jong Un and other North Korea senior officials designated for human rights abuses

On 6 July 2016, OFAC [blocked the property](#) of eleven individuals and five entities in North Korea, including North Korean leader Kim Jong Un. These designations accompanied the State Department's issuance of a [Report on Serious Human Rights Abuses or Censorship in North Korea](#). In a Treasury Department [press release](#), Adam J. Szubin, the Acting Under Secretary for Terrorism and Financial Intelligence,

stated that, under Kim Jong Un's leadership, North Korea "continues to inflict intolerable cruelty and hardship on millions of its own people, including extrajudicial killings, forced labor, and torture." This is the first time that Kim Jong Un has personally been sanctioned by the US.

[Back to the top](#)

## DRC government security official sanctioned

On 23 June 2016, OFAC [announced](#) that it had blocked the property of Celestin Kanyama, the Police Commissioner of Kinshasa, Democratic Republic of the Congo ("DRC"), under its DRC sanctions regime. According to OFAC's [press release](#), Kanyama

was responsible for or complicit in "the targeting of women, children, or any civilians" through acts of violence, abduction or forced displacement in the DRC.

[Back to the top](#)

## US blocks several suppliers to Syrian government

On 21 July 2016, OFAC [designated](#) eight individuals and seven companies as specially designated nationals of Syria for providing support or services to

the Government of Syria, aiding Syria's weapons of mass destruction program, or supporting designated individuals and entities.

[Continued on page 11](#)

Yusuf Arbash, who heads the Russian office of the previously designated Syrian company Hesco Engineering and Construction Co. Ltd., and Nabil Tazini, Hesco's financial manager in Moscow, are among those designated.

The company Yona Star International, which has offices in Damascus, Syria and in Deira, Dubai, UAE, was newly designated, along with its owner Salah Habib, as was T-Rubber Company Ltd., based in Shenyang, China, and its sales manager Jonha Lang. Moneta Transfer & Exchange, based in Damascus, Syria; E.K.-Ultra Financial Group Limited, based

in Limassol, Cyprus; Mahrous Group, based in Damascus, Syria; and Mahrous Trading FZE, based in Ras al Khaimah, UAE, also were added, along with the individuals Atiya Khuri, Aous Ali, Imad Khuri, and Iyad Mahrous.

According to a US Treasury Department [press release](#), the newly designated companies and individuals were involved in military procurement or financial facilitation for the Syrian government.

[Back to the top](#)

## OFAC designates additional terrorist groups and individuals

Since our last issue ([Issue 48 of the Sanctions Alert](#)), OFAC has made a number of additions to its Specially Designated Global Terrorism ("SDGT") list.

### ***Al-Qaeda South Asian affiliate and its leader:***

On 30 June 2016, OFAC [designated](#) the entity Al-Qaeda in the Indian Subcontinent and its reputed leader Asim Umar under the SDGT programme. According to a State Department [press release](#), the designation "notifies the U.S. public and the international community that AQIS and Umar are actively engaged in terrorism."

### ***ISIL leader linked to Moscow airport bombing:***

On 13 July 2016, OFAC [added](#) to the SDGT list Aslan Avgazarovich Byutukaev, said to be the leader for Chechnya, Russia, of the Islamic State of Iraq and the Levant-Caucasus Province. According to a State Department [press release](#), Byutukaev is responsible for directing multiple suicide bombings, including the January 2011 attack that killed at least 35 people at Moscow's Domodedovo Airport.

***Foreign fighter in Syria:*** Also on 13 July 2016, OFAC [added](#) Ayrat Nasimovich Vakhitov to the list. Vakhitov, who is from Tatarstan, Russia, is [said](#) to be a terrorist who has fought in Syria and has used the internet to recruit other militants to travel to Syria to fight. The US has linked him to the designated terrorist group Jaysh al-Muhajirin Wal Ansar.

***Three additional al-Qaeda operatives:*** On 20 July 2016, OFAC [designated](#) as SDGTs three individuals, Faisal Jassim Mohammed al-Amri Al-Khalidi, Yisra Muhammad Ibrahim Bayumi, and Abu Bakr Muhammad Muhammad Ghumayn, described as senior officials or members of al-Qaeda. According to OFAC's [press release](#), this action was intended "to disrupt the operations, fundraising, and support networks that help al-Qaeda move money and operatives from South Asia and across the Middle East."

***Taliban splinter group in Pakistan:*** On 3 August 2016, OFAC [added](#) Jamaat-ul-Ahrar to the SDGT list.

[Continued on page 12](#)

The group is [said](#) to be a splinter group of Tehrik-e Taliban Pakistan operating in the Pakistan-Afghanistan border region and is blamed for multiple terrorist attacks, including one that killed two Pakistani employees of the US consulate in Peshawar.

**Accused Paris and Brussels attacker:** Also on 3 August 2016, OFAC [designated](#) Mohamed Abrini

under the SDGT sanctions regime. According to the [State Department](#), Abrini is alleged to be a member of the ISIL cell responsible for the November 2015 Paris attacks and March 2016 Brussels attacks and has been arrested by the Belgian authorities.

[Back to the top](#)

## OFAC removes several individuals from terrorism and narcotics lists

On 30 June 2016, OFAC [removed](#) three individuals (Ali Ghaleb Himmat, Ahmed Nur Ali Jim'ale, and Daki Mohamed) from its SDGT list. No reasons were given for the delistings. Himmat is reportedly associated with al-Taqwa bank, which vigorously contested its listing and was delisted in 2015, as we reported in [Issue 35 of the Sanctions Alert](#). As noted in [Issue 45 of the Sanctions Alert](#), Jim'ale was [delisted](#) by the UN Security Council in 2014; it is unclear whether the US delisting is linked to the Security Council delisting. The UN Security Council [delisted](#) Mohamed in 2013.

On 27 July 2016, OFAC [deleted](#) from its SDGT list

one individual, Abdulbasit Abdulrahim, who was listed under several aliases. Abdulrahim, a British national, had previously been [accused](#) of raising funds for Al-Qaeda affiliate the Libyan Islamic Funding Group, a charge he denied. He was delisted by the UN Security Council in 2010 and by the EU in 2011. In 2015, the EU General Court [annulled](#) his EU listing even though the listing had already been lifted.

On 4 August 2016, OFAC [deleted](#) a number of individuals and entities from its narcotics trafficking lists. No reasons were given for the deletions.

[Back to the top](#)

## US court sentences Chinese national for illegal export scheme

As reported in [Issue 46 of the Sanctions Alert](#), on 10 December 2015 three Chinese nationals were charged for their roles in a scheme to buy military-grade Xilinx semiconductors stolen from the US Navy, replace them with fake Xilinx-branded parts to prevent detection of the theft and export the stolen semiconductors to an undisclosed buyer. On 8 July 2016 the United States Attorney for the District of Connecticut [announced](#) that one of the three

defendants, Daofu Zhang, had pleaded guilty and was sentenced to a year and three months of imprisonment for conspiracy to traffic in counterfeit goods. The remaining two defendants, Xianfeng Zuo and Jiang Yan, are both awaiting sentencing after pleading guilty to various charges of conspiracy to traffic in counterfeit goods and export-control violations.

[Back to the top](#)

## US national sentenced for illegal exports to Russia

On 30 June 2016, Alexander Brazhnikov Jr., a US citizen, was sentenced by the United States District Court for the District of New Jersey to five years and ten months in prison. As previously reported in [Issue 40 of the Sanctions Alert](#), Brazhnikov had pleaded guilty to export-control violations and other offences for his role in obtaining and smuggling more than \$65 million worth of electronics from the US to Russia in violation of export control laws. From January

2008 to June 2014, Brazhnikov owned and operated several microelectronics export companies in New Jersey. Throughout that time, the US Attorney notes in its [press release](#), he was responsible for nearly 2,000 illegal shipments of sensitive electronics components that ended up in the hands of Russian military and security forces.

[Back to the top](#)

## UN News

### UN & EU update designation and derogation criteria in Congo

Following the UN's expansion to the scope of acts that constitute the designation criterion of undermining the peace, stability or security of the DRC, the EU has implemented parallel revisions.

Prior to the expansion, only violations against women or children, or people illegally exploiting the country's national resources would have warranted a designation. It now includes all persons involved in human rights abuses or violations of international humanitarian law in the DRC. All designated persons are subject to an EU-wide asset freeze and travel ban.

Furthermore, the UN and EU have amended their restrictions on the sale and supply of arms and related material to the DRC. Such sale and supply is now permitted but requires prior approval from the UN's Sanctions Committee if not specifically authorised under another derogation.

The criteria were updated by [Council Regulation \(EU\) 2016/1165](#), amending [Council Regulation \(EC\) 1183/2005](#) and [Council Decision \(CFSP\) 2016/1173](#), amending [Council Decision 2010/788/CFSP](#).

[Back to the top](#)

## UK News

### UK Court dismisses judicial review claim regarding sanctions funding

The Administrative Court in the UK has dismissed a [claim](#) for judicial review brought by Ahmed Ezz, an Egyptian businessman (see [Issue 15 of the Sanctions Alert](#)). Ezz's judicial review claim challenged the HM Treasury decision on the release of his frozen funds for the payment of legal fees. Ezz is subject to an asset freeze under the EU's sanctions on Egypt due to allegations that he misappropriated public funds. The Court had to assess the reasonableness of the fees charged by Ezz's Egyptian lawyers, by using the IMF's purchasing power parity ratio to convert London's maximum legal rates to a local Egyptian rate.

The Court stipulated that any derogation from the asset freeze was to be interpreted restrictively, as the recovery of misappropriated public funds would be undermined if Ezz's application was successful. It noted that the HM Treasury was generous to use the maximum London daily rate as its starting point, and concluded by saying it was not unreasonable to use the purchasing power parity ratio to convert rates.

[Back to the top](#)

### UK designation expires under the Terrorist Asset-Freezing Act

The UK has ended the asset-freeze against Parviz Khan, allowing his designation to expire under the Terrorist Asset Freezing Act 2010. The notice can be found [here](#).

Khan was initially listed because of suspicions regarding terrorist financing. The UK had sanctioned him after the UN Security Council had identified him as a potential threat.

[Back to the top](#)

### UK government launches Export Control Joint Unit

The UK government launched the Export Control Joint Unit ("ECJU") on 18 July 2016. The ECJU will include staff from the Ministry of Defence, Foreign Office and Export Control Organisation. The new body's purpose is to support global security through the UK's strategic export controls. Further,

the discretion to grant or refuse export licences is now the responsibility of the Secretary of State and Department of International Trade. The process by which exporters must obtain a licence, however, remains unchanged.

[Back to the top](#)

## Court of Appeal decides payment of debt does not breach Libya sanctions

The Libyan Investment Authority (“LIA”) has successfully appealed a High Court judgment setting aside its statutory demand for payment by Glenn Maud, pursuant to a guarantee executed in 2008. At first instance, in [Maud v The Libyan Investment Authority \[2015\] EWHC 1625 \(Ch\)](#), Mrs Justice Rose held that the LIA’s right to payments due under the guarantee was not enforceable, on the grounds that making such payments to the LIA would breach the EU’s sanctions regime relating to Libya (see [Issue 39 of the Sanctions Alert](#)).

The High Court’s decision was set aside in [Libyan Investment Authority v Maud \[2016\] EWCA Civ 788](#). The Court of Appeal held that EU sanctions measures are to be construed in light of the UN Security Council Resolutions they are aimed towards implementing, noting the recent easing of UN sanctions on the LIA.

Maud asserted that the 2008 guarantee came within the definition of funds, such that payment under it would breach the asset freeze against the LIA. The Court, however, held that although such payment was covered by a distinct prohibition on making funds available to the LIA, the EU and UN sanctions provide a derogation from that prohibition, which applies to payments due under agreements concluded prior to a person’s sanctions designation being paid into frozen accounts. The Court also noted that, in any event, the prohibition no longer applies to the LIA. The Court rejected Maud’s argument that the statutory demand for payment was a form of claim such that, in upholding it, the Court would be satisfying a claim on the LIA’s behalf, thereby transgressing a prohibition on such conduct under the EU sanctions regime.

[Back to the top](#)

# Sanctions Alert

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