

# Sanctions Alert

## A summary of sanctions news and events

### In this Issue:

#### EU News

- 03 Burundi: EU extends duration of sanctions
- 03 Central African Republic: EU adds two individuals to sanctions list
- 03 Colombia: EU suspends sanctions against FARC
- 04 Congo: EU threatens to impose sanctions
- 04 Iran: EU Court dismisses NITC's application to annul relisting
- 05 Iran: EU General Court grants Iranian bank's application to annul listing
- 05 Iran: EU removes two Iranian banks from anti-nuclear proliferation sanctions list
- 06 Iraq: EU delists 24 entities
- 06 Libya: EU delists one individual
- 06 Libya: EU General Court dismisses Alsharghawi's application to annul listing
- 07 Moldova: EU extends duration of travel bans
- 07 Russia: The UK will continue to support EU sanctions against Russia
- 07 Russia: EU extends duration of asset freezes relating to the Ukraine crisis
- 08 Russia: EU adds six members of Russian parliament to sanctions list
- 08 South Sudan: EU's declaration regarding sanctions
- 09 Syria: EU General Court grants three applications to annul listing
- 09 Syria: EU condemns Syria and its allies over Aleppo bombardment
- 09 Syria: EU adds 28 individuals to sanctions list
- 10 Terrorism: Council introduces EU-wide sanctions against ISIL/Al-Qaeda

---

#### US News

- 11 Trump election creates uncertainty for future direction of US sanctions
- 11 DOJ issues guidance on voluntary self-disclosure, cooperation and remediation in sanctions matters
- 12 US regulators issue fact sheet on sanctions and AML compliance in correspondent banking

Continued on page 2

- 13 OFAC updates Iran FAQs regarding financial institutions, foreign subsidiaries, and expected diligence by foreign entities
  - 14 FinCEN finalizes rule to prevent North Korean banks from accessing US financial system
  - 14 OFAC updates guidance on publishing activities involving sanctioned governments
  - 14 US terminates Burma sanctions
  - 15 US terminates Côte d'Ivoire sanctions
  - 15 US further expands authorizations to trade with Cuba
  - 17 US-Cuba travel expands
  - 17 US abstains from UN General Assembly vote opposing embargo of Cuba
  - 18 US House votes to extend Iran sanctions, impose new Syria sanctions and block Iran aircraft sales
  - 18 OFAC blocks Canadian payment processor PacNet
  - 19 OFAC continues to refine Russia/Ukraine sanctions lists, blocks six Crimean members of Russian parliament
  - 19 OFAC and DOJ pursue Chinese individuals and company with alleged ties to North Korea weapons programs
  - 20 National Oilwell Varco settles with DOJ, BIS and OFAC for exports to Iran, Sudan and Cuba
  - 20 OFAC settles with dental equipment company and seed exporter for exports to Iran
  - 21 OFAC updates general licenses for transactions with certain blocked entities in Panama and Belarus
  - 21 OFAC delists Zimbabwean bank and other firms and individuals
  - 22 OFAC targets additional CAR militants, DRC officials, and accused money launderers, terrorists and narcotics traffickers
- 

**UN News**

- 24 North Korea nuclear missile testing: UN urged to implement stricter sanctions
- 

**UK News**

- 25 Treasury Department issues notice for frozen assets reporting

## EU News

### Burundi: EU extends duration of sanctions

On 29 September 2016, the EU Council [announced](#) that it will prolong the duration of the asset freezes and travel bans imposed against four individuals said to be involved in undermining democracy or obstructing the search for a political solution to the crisis in

Burundi. The restrictive measures, which had been introduced in October 2015, have been extended until 31 October 2017.

[Back to the top](#)

### Central African Republic: EU adds two individuals to sanctions list

On 2 September 2016, pursuant to [Council Implementing Regulation \(EU\) 2016/1442](#) implementing [Regulation 224/2014](#) and [Council Implementing Decision \(CFSP\) 2016/1446](#) implementing [Decision 2013/798/CFSP](#), the EU added Ali Kony and Salim Kony (Joseph Kony's sons) to its

sanctions list against the Central African Republic, for their role in the Lord's Resistance Army (LRA). Both sons had been listed by the UN and the US last month after their father and the LRA had been listed in March 2016 (see [Issue 47 of the Sanctions Alert](#)).

[Back to the top](#)

### Colombia: EU suspends sanctions against FARC

On 27 September 2016, the EU Council [decided](#) to suspend its sanctions against FARC as a result of the peace agreement that has been signed between Colombia and FARC on 26 September 2016. FARC had been on the EU's terrorist list since June 2002.

The EU's High Representative, Federica Mogherini, [declared](#) that "The EU has actively supported this peace process from its very beginning . . . we are ready to continue our support, focusing on the implementation of the agreement after the plebiscite will have

taken place. We are in fact ready to launch support package, including Trust Fund, worth of a 600 million euros, with the active contribution of many of our Member States".

This decision was implemented by [Regulation 2016/1710](#) amending [Regulation 2580/2001](#) and [Decision 2016/1711](#) amending [Common Position 2001/931/CFSP](#)

[Back to the top](#)

## Congo: EU threatens to impose sanctions

On 17 October 2016, the EU Council released a [statement](#) on its conclusions on the current political situation in the Democratic Republic of the Congo (DRC). The EU strongly condemned the extreme violence that took place at the 19 and 20 September protests following the DRC government's failure to call the presidential election within the constitutional deadline and postpone the next election until April 2018. In light of the political situation in the DRC, the EU has threatened to "use all the means at its disposal, including individual restrictive measures against those responsible for serious human rights violations, those who promote violence and those who would try to obstruct a consensual and peaceful solution to the crisis". The EU Council has invited the High Representative to initiate work to this end.

The EU Council called for a transparent and conducive political dialogue and urged the DRC government to ensure that human rights and the rule of law were respected, to stop using the justice system as a political tool, to release all political prisoners and to stop prosecuting, intimidating and harassing the opposition and the media.

The EU Council urged the DRC authorities to respect the constitution and to agree on an electoral calendar by 19 December 2016, and in any event, to hold both presidential and parliamentary elections as soon as possible in 2017.

[Back to the top](#)

## Iran: EU Court dismisses NITC's application to annul relisting

On 14 September 2016, the EU General Court [decided](#) to reject National Iranian Tanker Company's (NITC) application to annul its relisting. NITC, an Iranian transporter of crude oil and gas, operating one of the world's largest fleets of double-hulled tankers, had previously been listed on the EU sanctions list for: (i) being controlled by the Iranian government; and (ii) providing financial support to the Iranian government through shareholders who maintain ties with the government. In 2014 NITC had successfully applied to have its listing annulled for lack of evidence (see [Issue 23 of Sanctions Alert](#)). NITC was subsequently relisted by the EU Council in 2015 for providing logistical, as opposed to financial, support to the Iranian government. NITC applied to the Court to

annul its relisting on the basis that the underlying facts considered by the Council had not changed.

The Court held that the Council was entitled to relist NITC because, even though the underlying facts had not changed, the Council's decision was that NITC was providing logistical, as opposed to financial, support.

The Court held that despite the implementation of the Joint Plan of Action (JPOA), the Council was entitled to relist NITC if it was satisfied that it still provided logistical support to the government of Iran due to "the nature or the scale of its activities in the Iranian energy sector".

In a similar [case](#) the ECJ, on 8 September 2016, upheld the EU General Court's judgment of

[Continued on page 5](#)

25 June 2015 dismissing Iran Offshore Engineering & Construction Company's (IOEC) challenge to its re-listing, which was also based on a finding that

IOEC was providing logistical support to the Iranian government (see [Issue 40 of the Sanctions Alert](#)).

[Back to the top](#)

## Iran: EU General Court grants Iranian bank's application to annul listing

On 18 October 2016, the EU General Court [decided](#) to grant Sina Bank's application to have its listing annulled. Sina Bank had originally been listed on 26 July 2010 for being very closely linked to the interests of "Daftar" (Office of the Supreme Leader of the Islamic Revolution). Sina Bank's main shareholder, the Mostazafan Foundation, was a public body reporting to the Supreme Leader, and therefore, the EU Council was of the opinion that Sina Bank was "contributing in this way to funding the regime's strategic interests". It was subsequently relisted for the same reasons in 2014 and 2015. Sina Bank challenged its listing on the basis that the grounds were too vague, unsubstantiated and in any event erroneous. It claimed that the EU Council had infringed its obligation to state reasons in that it failed to communicate the specific grounds, and that such "lack of specific details in the statement of reasons . . . affected the exercise of the applicant's rights of defence and its rights to effective judicial protection".

The Court agreed with the applicant, stating that the Council, despite having been sufficiently precise in ascertaining the control element between the Mostazafan Foundation and Sina Bank, had failed to state which "interests" it was allegedly funding. Furthermore the Court held that even when inferring that the term "interests" referred to nuclear proliferation, the Council had failed to demonstrate that the Mostazafan Foundation was directly or indirectly involved in said interests or that the dividends and financial services it received from the applicant could or would be used to contribute to them.

The Court further clarified that the time limit to bring an action for annulment ran from the date the measures were communicated to the concerned entity. To be effective such communication must be delivered, provided the Council holds the necessary information, to the entity itself, not merely to its advisers.

[Back to the top](#)

## Iran: EU removes two Iranian banks from anti-nuclear proliferation sanctions list

On 24 October 2016, pursuant to [Council Implementing Regulation \(EU\) 2016/603](#) amending [Council Regulation \(EU\) 267/2012](#), the EU removed from its Iran (nuclear proliferation) asset freeze list Bank Sederat Iran and its wholly owned subsidiary, Bank Sederat PLC. Both entities had been subject to

asset freezes since July 2010 after Bank Sederat Iran was found to have handled letters of credit of the Defence Industries Organisation, known to be involved in Iran's nuclear proliferation activities.

[Back to the top](#)

## Iraq: EU delists 24 entities

On 6, 13 and 22 September 2016, pursuant to [Commission Implementing Regulation \(EU\) 2016/1453](#), [Commission Implementing Regulation \(EU\) 2016/1642](#) and [Commission Implementing Regulation \(EU\) 2016/1695](#) amending [Council Regulation \(EC\) 1210/2003](#), the EU has removed from its Iraq asset freeze list a total of 24 entities. This follows and implements the previous UN decisions to remove these same entities from its own list on 30 August, 6 and 16 September 2016, respectively.

These entities have been delisted because their funds, financial assets or economic resources were received on or after 23 May 2003 and are thus not to be regarded as frozen. The remaining sanctions freeze the assets of the previous government of Iraq, as well as related individuals and entities, if those assets were located outside of Iraq on 22 May 2003.

[Back to the top](#)

## Libya: EU delists one individual

On 20 September 2016, pursuant to [Council Implementing Regulation \(EU\) No 2016/1687](#) amending [Council Regulation \(EU\) 2016/44](#), the EU has removed from its Libya sanctions list Colonel Taher Juwadi.

Colonel Taher Juwadi had been listed for being closely associated with the former regime of Muammar Qaddafi.

[Back to the top](#)

## Libya: EU General Court dismisses Alsharghawi's application to annul listing

On 20 September 2016, the EU General Court [rejected](#) Bashir Alsharghawi's application to annul his relisting on the EU's Libyan sanctions list, holding that Mr. Alsharghawi was to remain on the list due to his close association with the former Qaddafi regime.

Among other things, Mr. Alsharghawi had argued that he was not given the opportunity to defend himself before being relisted, which amounted to a violation of his rights to submit a defence and the presumption of innocence. The Court held that, in relation to an original listing, the Council was only

under an obligation to inform the individual or entity concerned at the same time or as soon as possible after the decision is taken but not prior to it, as this would jeopardise the efficacy of such sanctions. As to the right to the presumption of innocence, the Court held that this did not prevent the adoption of restrictive measures so long as the purpose of such sanctions was not to instigate criminal proceedings.

Mr. Alsharghawi also argued that the imposition of an asset freeze infringed his fundamental right to property and that the imposition of a travel ban

[Continued on page 7](#)

infringed his fundamental right to freedom. Rejecting these arguments, the Court stated that the right to property was not an absolute one, that the EU Council has the authority to control the movement of foreign nationals within its borders and that, in any event, the principle of proportionality applied to both restrictions as they were necessary to maintain

international peace and security as well as a successful political transition in Libya. The Court also confirmed that the Council's decisions were not based on a sanctioned person's criminal record (or lack thereof).

[Back to the top](#)

## Moldova: EU extends duration of travel bans

On 28 October 2016, pursuant to [Council Decision 2016/1908](#) amending [Council Decision 2010/573/CFSP](#), the EU extended its restrictive measures against the individuals responsible for preventing a political settlement of the Transnistrian conflict in the Republic of Moldova and for the design and implementation

of the campaign of intimidation and closure against Latin-script Moldovan schools in the Transnistrian region. The travel bans introduced in September 2010 have been extended until 31 October 2017.

[Back to the top](#)

## Russia: The UK will continue to support EU sanctions against Russia

On 2 September 2016, the UK Foreign Secretary said that, despite Brexit, the UK would continue to support EU sanctions against Russia in relation to its actions towards Ukraine (statement reported by [Reuters](#)). Boris Johnson stated that the UK was "absolutely committed to participation in European foreign policy cooperation and European defense and security

cooperation". Furthermore, on 15 September 2016, the House of Commons Defence Committee issued a [report](#) in which it reiterated the UK's support of the EU sanctions regime against Russia.

[Back to the top](#)

## Russia: EU extends duration of asset freezes relating to the Ukraine crisis

On 15 September 2016, the EU adopted [Council Decision \(CFSP\) 2016/1671](#), extending its asset freezes against the already listed 146 individuals and 37 entities said to be involved in undermining the territorial

integrity, sovereignty and independence of Ukraine. The restrictive measures, which had been introduced in March 2014 (see [Issue 15 of the Sanctions Alert](#)), have been extended until 15 March 2017. The Council added

[Continued on page 8](#)

that “the assessment of the situation did not justify a change in the regime of sanctions nor in the list of persons and entities under restrictive measures”.

On 24 October 2016, the High Representative on behalf of the EU [announced](#) that candidate countries Montenegro and Albania, the EFTA countries

Liechtenstein and Norway, members of the EEA and Ukraine aligned themselves with the Council by ensuring that their national policies conform to the Council’s decision.

[Back to the top](#)

## Russia: EU adds six members of Russian parliament to sanctions list

On 8 November 2016, the EU Council added six individuals to its sanctions list over actions against Ukraine’s territorial integrity. The restrictive measures were introduced in March 2014 (see [Issue 15 of the Sanctions Alert](#)). The 6 individuals have been listed for being members of the State Duma, having been elected from the illegally annexed Autonomous Republic of Crimea and the city of Sevastopol. Further reasons also include their respective roles and support in the annexation process. The Council stated that “[i]n line with its non-recognition policy, the EU

considers that the persons who became members of the State Duma as a result of the elections in Crimea should be placed under sanctions”. These sanctions have been mirrored by both Switzerland and the US.

The new entries were implemented pursuant to [Implementing Regulation \(EU\) 2016/1955](#) implementing [Regulation 269/2014](#) and [Decision 2016/1961](#) amending [Decision 2014/145/CFSP](#).

[Back to the top](#)

## South Sudan: EU’s declaration regarding sanctions

On 20 September, 2016, the EU’s High Representative, Federica Mogherini, on behalf of the EU, made a [declaration](#) in relation to the recent violent acts committed in South Sudan. Ms. Mogherini expressed the need for investigations to be opened and for a Hybrid Court for South Sudan to be established

rapidly in order for those responsible to be brought to justice. Ms. Mogherini also reiterated the EU’s support to the UN Security Council’s mission in South Sudan and its willingness to consider further sanctions including an arms embargo.

[Back to the top](#)



## Syria: EU General Court grants three applications to annul listing

The EU General Court has annulled the listings of Tri-Ocean Energy (TOE), its subsidiary Tri-Ocean Trading (TOT) and TOE's Vice President, Mr. Mohamed Farahat, in part on the basis that there was insufficient evidence substantiating their support of the Syrian regime. ([Case T-719/14 Tri Ocean Energy v Council](#) & [Case T-709/14 Tri-Ocean Trading v Council](#)).

On 15 November 2016, the EU Council removed TOE and TOT from its sanctions regime.

[Back to the top](#)

## Syria: EU condemns Syria and its allies over Aleppo bombardment

On 17 October 2016, the EU Council released a [statement](#) on its conclusions regarding Syria. The Council strongly condemned the Syrian regime and its allies, "notably Russia", for the excessive and disproportionate attacks on Aleppo and called for an immediate ceasefire. It further stated that the "catastrophic escalation of the conflict", in particular the disproportionate bombardment of eastern Aleppo, the human rights and humanitarian law violations, the indiscriminate attacks against civilians and the use of chemical weapons may amount to war crimes.

The EU Council stated that "[i]mpunity for such crimes is unacceptable and thus the EU will continue to support efforts to gather evidence in view of future legal action . . . . In this context, the EU will act swiftly, according to established procedures, with the aim of

imposing further restrictive measures against Syria targeting Syrian individuals and entities supporting the regime as long as the repression continues."

The Council also reiterated its disappointment in Russia's veto on 8 October 2016 of the UN Security Council's resolution for a ceasefire and humanitarian access to Aleppo. The Council urged Russia to "demonstrate through policies and actions all efforts" to halt indiscriminate bombardments, restore a ceasefire, ensure humanitarian access and create conditions for a genuine political transition.

Several Member States, including the UK, Germany and France, have mentioned the possibility of imposing sanctions against Russia for its role in the conflict.

[Back to the top](#)

## Syria: EU adds 28 individuals to sanctions list

On 27 October 2016, following its [statement](#) of 17 October 2016 on its conclusions regarding Syria, the EU Council adopted [Council Implementing Regulation 2016/1893](#) implementing [Council](#)

[Regulation \(EU\) No 36/2014](#) and [Council Implementing Decision 2016/1897](#) implementing [Council Decision 2013/255/CFSP](#), adding 10 individuals to its Syrian asset freeze list. The restrictive measures

[Continued on page 10](#)

target individuals and entities responsible for the violent repression against the civilian population in Syria, benefiting from or supporting the regime, and/or being associated with such persons. The 10 individuals include high-ranking military officials and senior figures linked to the Syrian regime alleged to have been responsible for the planning of and involvement in military assaults in Aleppo, deployment and use of missile and chemical weapons in highly populated civilian areas, involvement in large scale arrest and detention of civilians, and supporting Syrian armed forces and pro-regime militia.

On 14 November 2016, and pursuant to [Council Implementing Regulation 2016/1984](#) implementing [Regulation 36/2012](#) and [Implementing Decision 2016/1985](#) implementing [Decision 2013/255/CFSP](#), the EU Council added 17 Syrian ministers and the Governor of the Central Bank of Syria to its sanctions regime for their involvement in the violent repression against the civilian population in Syria.

[Back to the top](#)

## Terrorism: Council introduces EU-wide sanctions against ISIL/Al-Qaeda

On 20 September 2016, the EU [Council](#) introduced a new legal framework allowing the EU to impose sanctions, such as asset freezes and travel bans, on individuals linked to or supporting Islamic State and/or al-Qaeda. This initiative comes as a direct consequence of the recent terror attacks which have afflicted multiple European countries.

Previously, EU-wide sanctions could only be applied to individuals or entities targeted by the UN sanctions list. It will be the responsibility of individual Member States to propose names of individuals or entities which will then need to be unanimously agreed by all Member States in order for such entries to be listed.

The updates were implemented by [Council Regulation 2016/1686](#) and [Council Decision \(CFSP\) 2016/1693](#) repealing [Common Position 2002/402/CFSP](#).

As a result of this new sanctions regime, on 19 October 2016, the UK House of Commons European Scrutiny Committee requested from the Minister for Europe and the Americas, Sir Alan Duncan, an assessment of the operational difficulties which may follow as a result of the UK's withdrawal from the EU. In particular, the requests relate to the difficulties that may arise if the UK were to lose "prior access to the list of persons, groups, undertakings and entities whose assets are to be frozen by the EU, impeding the UK's ability to take simultaneous action" or if the UK were to become "unable to request additions to the EU's list based on its own investigations and intelligence".

[Back to the top](#)

## US News

### Trump election creates uncertainty for future direction of US sanctions

The election of Donald J. Trump as President of the United States raises the possibility of significant changes in US sanctions policy. While President-elect Trump has not released detailed proposals, a number of his statements suggest he may depart from the tack taken by his predecessor.

During the election campaign, President-elect Trump advocated for closer ties with Russia. In a news conference on 27 July 2016, Trump [suggested](#) he would consider lifting sanctions against Russia and recognizing Russia's annexation of Crimea. According to [news reports](#), some members of Congress, including some members of Trump's own party, may resist efforts by Trump to lift sanctions on Russia.

As for Cuba, President-elect Trump [promised](#) Cuban-American audiences during the election campaign that he would roll back President Obama's steps toward improved relations with Cuba, though earlier comments had suggested that he was not opposed to the changes in principle. Recently, Trump appointed [Mauricio Claver-Carone](#), a critic of President Obama's

Cuba policy, to his Treasury Department transition team. Trump's team has not, however, announced specific plans for new restrictions on dealings with Cuba.

President-elect Trump also has been a critic of the nuclear deal with Iran, known as the Joint Comprehensive Plan of Action (JCPOA). During the campaign, Trump [stated](#) he would dismantle or renegotiate the deal, though it is unclear what his goals would be. Nor is it clear what effect the unilateral re-imposition of US sanctions would have on Iran's economy without the cooperation of the European Union or other major allies. For further analysis of the changes a Trump administration could make in US foreign relations, including US adherence to the JCPOA, please see our [Client Update of 23 November 2016](#). We also plan to release a further update on the sanctions implications of the change in the US administration in the near future.

[Back to the top](#)

### DOJ issues guidance on voluntary self-disclosure, cooperation and remediation in sanctions matters

On 2 October 2016, the National Security Division of the US Department of Justice (DOJ) issued new [Guidance Regarding Voluntary Self-Disclosures, Cooperation, and Remediation in Export Control and Sanctions Investigations Involving Business](#)

[Organizations](#). The guidance covers criminal prosecutions within the purview of the US Department of Justice, as distinct from civil enforcement proceedings within the jurisdiction of the Treasury, Commerce or State Departments.

[Continued on page 12](#)

The guidance memorializes DOJ's policy of encouraging voluntary self-disclosure of sanctions and export-control violations. It sets forth definitions of what constitutes "voluntary self-disclosure," "full cooperation" and "timely and appropriate mediation," as well as identifying a number of aggravating circumstances. It also explains that voluntary self-disclosure, full cooperation and appropriate remediation may lead to reduced periods of supervised compliance, reduced fines and forfeitures or elimination of the requirement of a monitor. In addition, the guidance gives a few hypothetical examples of how these principles might be applied in practice.

Earlier this year, the DOJ's Criminal Division adopted a [pilot program](#) similarly encouraging voluntary self-disclosures of potential violations of the Foreign Corrupt Practices Act, which concerns

bribery of foreign officials. The new DOJ guidance for sanctions and export-control matters also is consistent, on a general level, with the policies underlying the [enforcement guidelines](#) issued by the US Department of the Treasury's Office of Foreign Assets Control (OFAC), which strongly encourage self-disclosure, cooperation and remediation in sanctions matters. In the realm of export controls, the US Department of Commerce's Bureau of Industry and Security (BIS) has also adopted a [regulation](#) encouraging voluntary self-disclosure as part of the Export Administration Regulations, and the US Department of State's Directorate of Defense Trade Controls (DDTC) has included a generally similar [regulation](#) in the International Traffic in Arms Regulations.

[Back to the top](#)

## US regulators issue fact sheet on sanctions and AML compliance in correspondent banking

On 30 August 2016, the US Department of the Treasury and the federal banking regulatory agencies issued a [joint fact sheet](#) on Bank Secrecy Act/Anti-Money Laundering and OFAC sanctions supervision and enforcement as they relate to foreign correspondent banking. The fact sheet notes that the largest penalties imposed by OFAC have been to violators who showed a sustained pattern of serious violations, intentionally evaded sanctions or ignored

warning signs that their activities were illegal. In addition, the fact sheet noted that the vast majority of BSA/AML compliance deficiencies are resolved through the supervisory process without the need for an enforcement action. For more detail on the fact sheet and other AML developments, please see our [Client Update](#) of 31 August 2016.

[Back to the top](#)

## OFAC updates Iran FAQs regarding financial institutions, foreign subsidiaries, and expected diligence by foreign entities

On 7 October 2016, OFAC [updated](#) its [Frequently Asked Questions](#) (FAQs) relating to sanctions against Iran, amending three of its questions and answers and adding three new ones. Some of the questions relate to OFAC's Iranian transactions and sanctions regulations, while others relate to secondary sanctions administered by the US Department of State.

Recently amended questions C7 and C15 concern financial institutions. FAQ C7 confirms that it is permissible for non-US financial institutions to process transactions in US dollars or maintain US dollar-denominated accounts for the Iranian government or persons in Iran, as long as they take care not to process transactions through the US financial system. As a practical matter, however, it seems likely that most banks will find the compliance burden of maintaining such accounts to be prohibitive, as most US-dollar funds transfers pass through the US banking system as a matter of course. FAQ C15 confirms that it is permissible for US financial institutions to deal with non-US, non-Iranian financial institutions that maintain correspondent banking relationships with Iranian financial institutions that are not on the Specially Designated Nationals (SDN) list, as long as the US institutions do not process transactions for the Iranian institutions.

FAQ K19, also recently amended, concerns paragraph (b)(1) of [General License H](#), which allows US entities to change their foreign subsidiaries' operating policies and procedures to allow those subsidiaries to deal with Iran. The amended FAQ confirms that this is not a

one-time-only authorization and that US persons may make such changes on multiple occasions.

Newly added FAQs M10, M11 and M12 address what is expected of non-US entities under the secondary sanctions laws. FAQ M10 clarifies that it is not necessarily sanctionable for a non-US person to transact business with an entity that is not on the SDN list itself but is minority-owned or controlled by an Iranian individual or entity on the SDN list. However, it urges caution to avoid transactions that involve a listed individual or entity. FAQ M11 discusses the due diligence that is expected of non-US companies in avoiding transactions with Iranian SDNs. It suggests that in addition to checking the SDN list, companies should conform to their internal risk-assessment and compliance policies, which should be based on best practices in their respective industries, as well as comply with any requirements imposed by their home-country regulators. FAQ M12 suggests that the degree of due diligence performed by a foreign financial institution should depend on its role in the transaction. In particular, it suggests that a foreign financial institution need not repeat the due diligence performed by its customer on an Iranian counterparty, unless the financial institution has reason to suspect that the customer's procedures are inadequate. It also reminds foreign financial institutions of the need to consult their own regulators about expectations in their home jurisdictions.

[Back to the top](#)

## FinCEN finalizes rule to prevent North Korean banks from accessing US financial system

On 4 November 2016, the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) [announced](#) a [final rule](#) under Section 311 of the USA PATRIOT Act barring US financial institutions from opening or maintaining correspondent accounts for North Korean financial institutions. The regulation also requires US financial institutions to take steps

to prevent North Korean financial institutions from gaining indirect access to US correspondent accounts. The new rule supplements [existing OFAC regulations](#) that bar US persons from dealing with North Korean banks or other entities owned or controlled by the North Korean government.

[Back to the top](#)

## OFAC updates guidance on publishing activities involving sanctioned governments

On 28 October 2016, OFAC issued updated [interpretive guidance](#) on the general licenses that authorize transactions in connection with the creation of written publications. The general licenses, which appear in the regulations governing OFAC's sanctions against Iran, Cuba, Sudan and Syria, allow most transactions involving the creation and editing of written publications but generally do not permit transactions with the governments of the sanctioned countries. They also do not apply to OFAC's other sanctions programs, such as the restrictions on dealings with designated terrorists or proliferators of weapons of mass destruction.

The new guidance addresses the scope of the exclusion for transactions with sanctioned governments. Specifically, it clarifies that US publishers (1) may transact with individual government officials who are acting in their personal capacities, (2) may transact with individuals employed in a research or teaching capacity at an academic or research institution, even if the institution is a government instrumentality, but (3) may not otherwise transact with sanctioned governments in connection with marketing, editing or peer review of written publications.

[Back to the top](#)

## US terminates Burma sanctions

On 7 October 2016, US President Barack Obama signed [Executive Order No. 13,742](#) terminating US sanctions against Burma, also known as Myanmar, in recognition of the country's recent transition to a civilian-led government and other political reforms.

The sanctions, which were first put in place in 1997 and significantly tightened in subsequent years, had been gradually relaxed through a series of general licenses issued in the last few years. The recent executive order fully terminates the blocking of assets of individuals

[Continued on page 15](#)

and entities tied to the Burmese government and restrictions on new investments and other transactions in Burma, and it waives the ban on imports of Burmese jadeite and rubies to the United States.

To implement the change, OFAC has [deleted](#) from the SDN list all entries under its Burma sanctions program and has [stated](#) that it will remove the Burmese Sanctions Regulations from the Code of Federal Regulations. A number of individuals and entities located in Burma, however, remain blocked under other

sanctions programs, based on their alleged involvement in narcotics trafficking or their ties to North Korea.

OFAC has published a [fact sheet](#) explaining the termination of the sanctions, including the removal of restrictions on dealing with Burmese banks. OFAC also has added a new [FAQ No. 481](#) explaining that the removal of sanctions does not excuse past breaches that occurred when the sanctions were in effect.

[Back to the top](#)

## US terminates Côte d'Ivoire sanctions

On 14 September 2014, President Obama signed [Executive Order No. 13,739](#) terminating US sanctions with respect to Côte d'Ivoire (Ivory Coast), which had initially been imposed in 2006. OFAC has [removed](#) from the SDN list the six individuals who were listed under the Côte d'Ivoire sanctions program, including former Ivorian president Laurent Gbagbo.

In connection with the lifting of the sanctions, the US Department of State [cited](#) Côte d'Ivoire's "peaceful, transparent, credible, and inclusive presidential elections in October 2015" and its continued "work of national reconciliation and security sector reform."

[Back to the top](#)

## US further expands authorizations to trade with Cuba

On 14 October 2016, OFAC made amendments to the Cuban Assets Control Regulations, released a [fact sheet](#) on the amendments, and updated its [FAQs](#) and [travel guidance](#). The Commerce Department's Bureau of Industry and Security (BIS) concurrently made [amendments](#) to its Export Administration Regulations. Together, the amendments remove limits on Cuban goods brought back to the US from Cuba or third countries by travellers and expand the categories of permitted commerce between the US and Cuba.

Along with these changes, which are summarized below, President Obama issued a [Presidential Policy Directive](#) outlining his administration's goals and

vision with regard to normalization of relations with Cuba. While acknowledging areas of difference between the two nations' perspectives, the directive notes that they seek to "address such differences through engagement and dialogue, and by encouraging increased understanding between our governments and our peoples," and outlines steps toward pursuit of the administration's goals. In view of Donald Trump's recent win in the US presidential election, however, it seems unlikely that the directive will have any impact.

**Healthcare Collaboration:** Interest in Cuban medical research has been kindled by [recent reports](#) that Cuban scientists have been developing a vaccine-based

[Continued on page 16](#)

therapy for lung cancer. The recent amendments to the regulations authorize joint medical research projects with Cuban nationals, transactions incident to US approval of Cuban-origin pharmaceuticals, and the opening and maintenance of bank accounts in Cuba for these activities.

**Consumer Exports:** Exports of US goods directly to Cuban consumers for personal use are now allowed. The amendments do not authorize contracts with Cuban distributors, nor do they authorize exports for commercial use. Additionally, items that were exported or reexported to Cuba may now be brought back to the US or a third country for service, repair or replacement.

**Shipping and Cargo:** Under US law, vessels that have docked in Cuba are generally prohibited from entering US ports for 180 days. Under existing law, vessels that had carried authorized shipments to Cuba from the US were allowed to re-enter US waters. The amended regulations expand this authorization to cover ships carrying goods from third countries, as long as the goods are not of a type that would be export-controlled if shipped from the US (or would be export-controlled only for anti-terrorism reasons). In addition, the authorization for US goods to transit Cuba has been extended to include air cargo as well as cargo aboard vessels.

**Civil Aviation Services:** The new regulations authorize persons subject to US jurisdiction to provide Cuba and Cuban nationals with services for ensuring “safety in civil aviation and the safe operation of commercial aircraft.” Exports of goods to Cuba in connection with those services, however, may still require a license from the BIS in some circumstances.

**Cuban Goods Accompanying Travellers:** US travellers may bring Cuban goods in their accompanied baggage from either Cuba or third countries for personal use.

The previously applicable limits of \$400 overall or \$100 for alcohol and tobacco have been eliminated. In addition, the prohibition on non-US travellers from bringing Cuban alcohol and tobacco into the US has been removed. The quantities, however, must be consistent with personal use. This authorization does not excuse the need to comply with other laws; for example, travellers must declare and pay taxes on goods that exceed the applicable duty-free allowance. Tourist travel to Cuba remains prohibited to persons subject to US jurisdiction.

**Scientific, Religious and Humanitarian Activities:** The existing authorization for the provision of grants, scholarships and awards to persons in Cuba has been expanded to include the additional categories of scientific research and religious activities. Persons subject to US jurisdiction also are allowed to provide services to Cuba or Cuban nationals related to developing, repairing, maintaining, and enhancing certain Cuban infrastructure in order to directly benefit the Cuban people.

**Contingent Contracts:** The changes to the regulations allow US persons to enter into contracts that are explicitly contingent on obtaining an OFAC license or the elimination of a requirement for an OFAC license. This simplifies contractual negotiations, because it allows US and Cuban parties to enter into contracts before applying to OFAC for authorization. It also allows US companies to lock in binding arrangements with Cuban companies for the future, in anticipation of the possibility that the embargo may be lifted or relaxed in the future. It does not, however, suggest that OFAC will authorize transactions with Cuba simply because the parties entered into such a contingent contract.

**Other Changes:** The recent amendments also include a number of other changes, including (1) a substantial narrowing of the definition of prohibited officials of

Continued on page 17



the Government of Cuba and prohibited members of the Cuban Communist Party, who are excluded from the scope of certain general licenses, (2) removal of the restriction that professional meetings in Cuba must not be for the promotion of tourism, perhaps in recognition of the fact that OFAC has reportedly

authorized certain US hotel chains to do business in Cuba, (3) authorization of remittances to third-country nationals to pay for travel to Cuba in limited circumstances, and (4) various technical corrections and clarifications.

[Back to the top](#)

## US-Cuba travel expands

On 31 August 2016, the [first scheduled airline flight](#) between the US and Cuba in more than 50 years departed from Fort Lauderdale for Santa Clara. Although charter flights had been allowed for many years, the US only approved scheduled air service to Cuba earlier this year. The US Department of Transportation has authorized ten US air carriers to fly between several US cities and [Havana airport](#), as well as [other Cuban airports](#).

Additionally, according to [press reports](#), the US travel website TripAdvisor has recently received authorization from OFAC to book travel to Cuba for both US and non-US travellers, including flights, hotel stays and short-term rentals. Earlier this year, OFAC authorized

US hotel companies [Starwood](#) and [Marriott](#) to operate hotels in Cuba and [authorized](#) the US-based website Airbnb to offer homestay and short-term rental bookings in Cuba.

By statute, OFAC is not permitted to authorize tourist travel to Cuba. However, OFAC has largely eliminated the requirement to apply in advance for permission to travel under one of the 12 authorized categories of travel, which do not include tourist travel. OFAC also has allowed airlines to rely on travellers' self-certification that their travel falls within one of the permitted categories.

[Back to the top](#)

## US abstains from UN General Assembly vote opposing embargo of Cuba

For the past 25 years, the UN General Assembly has annually passed a resolution calling for an end to the US embargo of Cuba, and the US has consistently voted against the resolution. This year, however, the US abstained from the vote. The nonbinding [resolution](#) passed on 26 October 2016 by a vote of 191 to 0, with only the US and Israel abstaining. Samantha Power,

the US Ambassador to the UN, [stated](#) that “[a]fter 55-plus years of pursuing the path of isolation, we are choosing to take the path of engagement,” and called the decision to abstain “another small step” in US-Cuba engagement.

[Back to the top](#)

## US House votes to extend Iran sanctions, impose new Syria sanctions and block Iran aircraft sales

On 15 November 2016, the US House of Representatives [voted overwhelmingly](#) to extend the secondary sanctions imposed on Iran by the Iran Sanctions Act of 1996, which are due to expire at the end of this year. Although nuclear-related sanctions against Iran have been suspended, the [legislation](#) preserves the possibility that they can be reinstated and keeps in effect certain non-nuclear-related sanctions. To become law, the proposed legislation must also pass the Senate and be signed by the President.

That same day, the House approved by voice vote proposed [legislation](#) to require the imposition of sanctions against individuals or entities that provide significant support to the Syrian government or the Syrian oil or gas industry, among others. Again, to become law, the proposed legislation requires approval of the Senate and President.

The House separately voted in favor of proposed [legislation](#), on 17 November 2016, to bar OFAC from licensing US financial institutions to engage in transactions with respect to aircraft sales to Iran. While the legislation describes this as an “Iran Financing Prohibition,” it would prohibit any transactions through the US banking system with respect to such sales. The vote was largely divided along party lines. President Obama [has vowed to veto](#) the legislation if it passes the Senate and reaches his desk, though similar legislation could be received more favorably under the new administration of President-elect Trump.

[Back to the top](#)

## OFAC blocks Canadian payment processor PacNet

On 22 September 2016, OFAC [announced](#) that it had blocked the property of the Canada-based international payment processor PacNet and [a number of individuals and entities](#) associated with it. OFAC designated PacNet and the other targeted individuals and entities under its Transnational Criminal Organizations (TCO) sanctions program. According to OFAC, PacNet had a history of processing payments for operators of fraudulent direct mail schemes. OFAC’s action freezes the assets of not only PacNet and its associated companies but also a number of PacNet’s senior officers. This action marks one of the first times that OFAC has applied its TCO program to individuals and entities other than traditional organized crime groups and their associates.

At the same time, the DOJ, in coordination with the US Postal Inspection Service, [announced](#) criminal and civil enforcement actions against a number of direct mailers and companies that work with them. The DOJ actions include criminal prosecutions, civil forfeiture proceedings and civil injunction proceedings. The DOJ also announced that it was leading a public education campaign to heighten public awareness of fraudulent direct mail schemes.

[Back to the top](#)

## OFAC continues to refine Russia/Ukraine sanctions lists, blocks six Crimean members of Russian parliament

On 1 September 2016, OFAC [updated](#) its SDN list to target sanctions evasion and other activities related to the conflict in Ukraine. It also continued its efforts to add to the SDN list and Sectoral Sanctions Identifications (SSI) list names of companies identified as being owned or controlled by previously listed entities. In total, OFAC designated 37 individuals and entities in what it [described](#) as an effort to counter attempts to circumvent sanctions on Russia, assist the private sector with sanctions compliance, and foster a diplomatic resolution to the conflict in Ukraine. OFAC also published Russia/Ukraine-related [General License No. 10](#), which authorized transactions that are necessary to divest holdings in PJSC

Mostotrest, which is on the SDN list, until 12:01am EST on 1 October 2016.

Separately, on 14 November 2016, OFAC added six members of the Russian State Duma to the SDN list. The [six individuals](#) were elected to the Duma, Russia's parliament, to represent constituencies in Crimea or Sevastopol. OFAC stated in a [press release](#) that these individuals were designated for "being responsible for or complicit in actions or policies that undermine democratic processes or institutions in Ukraine and actions or policies that threaten the peace, security, stability, sovereignty, or territorial integrity of Ukraine."

[Back to the top](#)

## OFAC and DOJ pursue Chinese individuals and company with alleged ties to North Korea weapons programs

On 26 September 2016 OFAC [added](#) to the SDN list four Chinese individuals and the Chinese company Dandong Hongxiang Industrial Development Co Ltd. [According to OFAC](#), these individuals and entity were designated for their ties to the Government of North Korea's nuclear weapons and ballistic missile programs. At the same time, the US Department of Justice [announced](#) that it had unsealed criminal charges against the designated company and individuals on

sanctions and money laundering charges. The DOJ also filed a civil forfeiture action in US District Court, seeking all funds contained in 25 Chinese bank accounts belonging to Dandong Hongxiang Industrial Development and its alleged front companies on the ground that they constitute property involved in money laundering.

[Back to the top](#)

## National Oilwell Varco settles with DOJ, BIS and OFAC for exports to Iran, Sudan and Cuba

On 14 November 2016, OFAC [announced](#) a multi-agency settlement with National Oilwell Varco, Inc., a US manufacturer of oil drilling and production equipment, and its subsidiaries Dresco Energy Services, Ltd. and NOV Elmar. The companies entered into a non-prosecution agreement with the DOJ and civil settlements with OFAC and the US Department of

Commerce's Bureau of Industry and Security (BIS), under which they agreed to pay a total of \$25,000,000 in penalties and forfeitures. According to OFAC, the companies made or facilitated multiple exports of goods to Iran, Sudan and Cuba between 2000 and 2009.

[Back to the top](#)

## OFAC settles with dental equipment company and seed exporter for exports to Iran

On 7 September 2016, OFAC [announced](#) that it had agreed to accept \$43,200 from dental manufacturer World Class Technology in settlement of civil liability for alleged violations of the Iranian transactions and sanctions regulations. The company allegedly exported seven shipments of orthodontic devices from the US to third countries with knowledge or reason to know that the shipments were intended for Iran. OFAC calculated the statutory maximum penalty as \$1.75 million and the base penalty under its guidelines as \$80,000. OFAC considered the alleged violation non-egregious; although OFAC considered the company to have willfully violated US sanctions laws, it also found that the transactions took place without the knowledge of management.

On 13 September 2016, OFAC [announced](#) that it had agreed to accept \$4,320,000 from PanAmerican Seed

Company in settlement of civil liability for alleged violations of the Iranian transactions and sanctions regulations. The company allegedly indirectly exported seeds, primarily of flowers, to two Iranian distributors on 48 occasions. OFAC calculated both the statutory maximum and the base penalty as \$12,000,000, based on its finding that the alleged violations were an egregious case. OFAC considered as aggravating factors that the violations were willful, were known to mid-level management and had continued for a number of years, and that the company had initially provided inaccurate, misleading or incomplete information to OFAC, among other things. Mitigating factors included, among others, that the exports would likely have been eligible for a specific license if the company had applied for one.

[Back to the top](#)

## OFAC updates general licenses for transactions with certain blocked entities in Panama and Belarus

On 19 August 2016, OFAC [published](#) Kingpin Act [General License No. 4D](#), which extends through 6 January 2017 the authorization for certain transactions involving the Panamanian mall and associated complex, Soho Panama, S.A. OFAC also updated [FAQ Nos. 472, 473 and 474](#) to reflect the current status of its Panama-related general licenses.

On 18 October 2016, OFAC [issued](#) Belarus [General License No. 2B](#) pursuant to Executive Order 13405,

authorizing through 30 April 2017 all transactions with Belarusian Oil Trade House, Belneftekhim, Belneftekhim USA, Inc., Belshina OAO, Grodno Azot OAO, Grodno Khimvolokno OAO, Lakokraska OAO, Naftan OAO and Polotsk Steklovolokno OAO that would otherwise be prohibited under the Belarus sanctions. Transactions over \$50,000 remain subject to reporting requirements.

[Back to the top](#)

## OFAC delists Zimbabwean bank and other firms and individuals

On 4 October 2016, OFAC removed a number of [Zimbabwean entities and individuals](#) from the SDN list under its Zimbabwe sanctions program. The delisted entities include the bank Zimbabwe Banking Corporation Ltd., the fertilizer manufacturer ZFC Limited, and their parent companies, among others. OFAC did not give reasons for the delistings. Several of the individuals who were delisted are reportedly deceased.

The delisting of [Sylvester Nguni](#) from the Zimbabwe program on 18 November may be linked to reports that he was expelled last year from Zimbabwe's ruling party and has joined an opposition party.

[Back to the top](#)

## OFAC targets additional CAR militants, DRC officials, and accused money launderers, terrorists and narcotics traffickers

### ***Lord's Resistance Army/Central African Republic:***

On 23 August 2016, OFAC added [Ali Kony and Salim Kony](#) to the Specially Designated Nationals (SDN) list under its Central African Republic sanctions program. These two individuals are sons of the Lord's Resistance Army (LRA) leader Joseph Kony and, according to an OFAC [press release](#), were sanctioned pursuant to Executive Order 13667 for acting on behalf

of the LRA and/or Joseph Kony. The brothers have been part of the LRA leadership hierarchy since 2010.

***DR Congo:*** On 28 September 2016, OFAC added [Gabriel Amisi Kumba and John Numbi](#) to the SDN list under its Democratic Republic of the Congo sanctions program. Major General Kumba is, [according to OFAC](#), a Commander in the Armed Forces of the DRC and is

[Continued on page 22](#)

the leader of their First Defence Zone. General Numbi is a former National Inspector for the Congolese National Police and used violent intimidation to secure victories for candidates affiliated with President Kabila's MP coalition.

**Money Laundering Designation:** On 11 October 2016, OFAC added to the SDN list, under its Transnational Criminal Organizations program, [four individuals and nine entities](#) associated with what OFAC calls the Altaf Khanani Money Laundering Organization. The designated individuals and entities are based in Pakistan or the United Arab Emirates. According to an [OFAC press release](#), that organization engages in third-party money laundering by transferring funds to financial institutions on behalf of drug traffickers and transnational criminal organizations worldwide.

**Global Terrorist Designations:** On 31 August 2016 [Abdiqadir Mumin](#) was added to the SDN list under the Specially Designated Global Terrorist (SDGT) program. According to a US Department of State [press release](#), Mumin is a former recruiter and spokesman for al-Shabaab and now leads a group that is loyal to Islamic State in Iraq and the Levant (ISIL) in the Puntland region of Somalia.

On 15 September 2016, [Mohamad Alsaied Alhmidan and Hussam Jamous](#) were added to the SDN list under the SDGT program. Both individuals, [according to OFAC](#), were sanctioned for providing support to terrorists or acts of terrorism. Alhmidan was sanctioned for providing logistical support and facilitating the movement of tens of thousands of dollars out of Turkey to ISIL. Jamous is also based out of Turkey and facilitated financial transactions on behalf of ISIL and was involved in the movement of foreign fighters.

On 16 September 2016, OFAC added [Omar Diaby](#) to the SDN list under its SDGT program. According to

a State Department [press release](#), Diaby leads a group of French fighters for al-Nusrah in Syria.

Also on 16 September 2016, [Fathi Ahmad Mohammad Hammad](#) was designated under the SDGT program. According to the [State Department](#), Hammad is a senior official of Hamas.

On 20 September 2016, the Syrian militant group [Jund Al-Aqsa](#) was added to the SDN list as an SDGT entity. The State Department [identified](#) Jund Al-Aqsa as a group aligned with Al-Nusrah Front and has said that it is responsible for carrying out suicide bombings in Syria.

On 28 September 2016, OFAC added [Anas El Abboubi](#) as an SDGT. According to a State Department [press release](#), Abboubi is a fighter for ISIL in Syria.

On 20 October 2016, OFAC added [five individuals and one entity](#) to the SDN list under the SDGT program. OFAC explained in a [press release](#) that Muhammad Al-Mukhtar Kallas, Hasan Jamal-al-Din, Yosef Ayad, Muhammad Ghaleb Hamdar, Haytham 'Ali Tabataba'i and Global Cleaners S.A.R.L. were designated for providing financial services to or in support of a designated Hizballah member, Adham Tabaja. One of the individuals, Hasan Jamal-al-Din, was also designated for providing financial services to or in support of Tabaja through his work for Al-Inmaa Engineering and Contracting LLC. Yosef Ayad and Muhammad Ghaleb Hamdar were designated for acting on behalf of Hizballah by assisting in the planning of and supporting acts of terrorism.

On 1 November 2016, OFAC [designated](#) Al Omgy, Brothers Money Exchange, Said Salih Abd-Rabbuh al-Omgy and Muhammed Salih Abd-Rabbuh al-Omgy, under the SDGT program. OFAC [stated](#) that they were designated for providing financial services to or in support of al-Qaida in the Arabian Peninsula, and for providing financial and material support.

Continued on page 23

On 10 November 2016, OFAC added [four al-Nusrah Front leaders](#) to the SDN list as SDGTs: Abdallah Muhammad Bin-Sulayman al-Muhaysini, Jamal Husayn Zayniyah, Abdul Jashari, and Ashraf Ahmad Fari al-Allak. Abdallah was designated for acting for or on behalf of, and providing support and services to or in support of, al-Nusrah Front. According to an OFAC [press release](#), Jamal, Abdul and Ashraf were designated for acting for or on behalf of al-Nusrah Front.

On 22 November 2016, OFAC designated [Abdullah Ahmed al-Meshedani, Basil Hassan and Abdelilah Himich](#) as SDGTs based on their alleged links to ISIL. According to a State Department [press release](#), al-Meshedani is an ISIL leader in Iraq who manages arriving fighters and arranges for transport of suicide bombers; Hassan is an alleged external operations plotter for ISIL, who was involved in the shooting of a Danish journalist and is believed to be in Syria; and Himich is an external operations figure for ISIL, who was involved in planning the 2015 Paris attacks and 2016 Brussels attacks.

Also on 22 November 2016, OFAC designated [Tarcela Loya Vilchez](#), known as “Comrade Olga,” as an SDGT. According to a State Department [press release](#), Loya Vilchez is a leader of the Shining Path (Sendero Luminoso) insurgent group in Peru who is in charge of the military and ideological training of children. At the same time, [Victor Quispe Palomino and Jorge Quispe Palomino](#), who had previously been designated under the Foreign Narcotics Kingpin Designation Act (Kingpin Act), have had the SDGT tag added to their listings. According to the [State Department](#), the Quispe Palomino brothers are Shining Path leaders, who led and carried out attacks on behalf of that organization.

**Foreign Narcotics Kingpin Designations:** On 23 September 2016, OFAC added [four Mexican nationals](#) to the SDN list under the Kingpin Act:

Eliseo Imperial Castro, Alfonso Lira Sotelo, Alma Delia Lira Sotelo and Javier Lira Sotelo. OFAC [alleged](#) these individuals were associated with the Tijuana-based cell of the Sinaloa Cartel. Alfonso and Javier Lira Sotelo transported drugs on behalf of Eliseo Imperial Castro, who is a high-ranking member of the Los Antrax organization, an enforcement group of the Sinaloa Cartel. Alma Delia Lira Sotelo was designated for materially assisting or providing support for the narcotics trafficking activities of her brother, Alfonso Lira Sotelo.

Separately, on 27 October 2016, OFAC sanctioned [nine individuals](#) linked to the Cartel de Jalisco Nueva Generacion and the Los Cuinis Drug Trafficking Organizations under the Kingpin Act. OFAC [explained](#) that these individuals were sanctioned for providing material assistance to the drug trafficking activities of Nemesio Oseguera Cervantes and Abigael Gonzalez Valencia, the leaders of these two drug cartels. Specifically, Antonio Oseguera Cervantes, Julio Alberto Castillo Rodriguez, Arnulfo Valencia, Edgar Eden Valencia, Elvis Valencia, Marisa Ivette Valencia, Noemi Gonzalez Valencia, Fabian Felipe Vera Lopez and Maria Teresa Quintana Navarro. Maria Teresa Quintana Navarro is an attorney based in Guadalajara, who provided material support to the narcotics trafficking activities of multiple drug cartels, while the other individuals designated are all related to either Nemesio or Abigael.

On 29 September 2016, OFAC added [six individuals](#), Carlos Ivan Munoz Hoyos, German Munoz Hoyos, Eliana Munoz Mejia, Jhonny German Munoz Mejia, Jonathan Munoz Mejia and Claudia Julieta Murillo Salazar, to the SDN list under the Kingpin Act. According to an OFAC [press release](#), German Munoz Hoyos was designated for his role in international narcotics trafficking and the other individuals were designated for their acts for or on

Continued on page 24

behalf of him. German Munoz Hoyos is responsible for the coordination and distribution of multi-ton quantities of narcotics from Central and South America to North America and Europe.

**Miscellaneous Removals and Updates:** In addition to the delistings noted elsewhere in this Sanctions Alert, OFAC removed a number of other names from its sanctions lists on [30 August](#), [16 September](#), [29 September](#), and [18 November](#) under various sanctions programs. OFAC does not ordinarily

explain the reasons for such deletions. Some of the delistings may have occurred as part of OFAC's efforts to purge the lists of deceased individuals and defunct entities, while others may have been removed because they persuaded OFAC that they should no longer be listed. OFAC also, on a number of occasions, updated the identifying information for listed entities and individuals.

[Back to the top](#)

## UN News

### North Korea nuclear missile testing: UN urged to implement stricter sanctions

The UN Security Council has strongly condemned North Korea's ballistic missile launches. On 6 September 2016, the Council, after an emergency meeting called by the US, Japan and South Korea, released a [statement](#) threatening to implement further significant measures against North Korea if it continued its nuclear missile tests. The Council further encouraged all Member States to "redouble their efforts" in implementing current sanctions against North Korea. North Korea has been subject to UN sanctions since 2006 due to its nuclear testing. The Security Council had already implemented a new sanctions regime against North Korea in March 2016 in response to the nuclear tests and rocket launch it had conducted in January and February 2016 (please see [Sanctions Alert Issue 47](#) for more detail).

Despite the statement issued by the UN Council on 12 September 2016, North Korea conducted further ballistic missile testing. The US has urged the UN to take further measures against North Korea as a result of this blatant disregard for the ban against all ballistic missile activity, while Japan has suggested that it was considering implementing further bilateral sanctions. On 21 September 2016, at the UN's Annual General Assembly, Japan's Prime Minister [declared](#) that Japan would lead Security Council discussions regarding the adoption of new measures. He further added that as measures taken thus far had been unsuccessful, a different approach should be adopted to frustrate North Korea's plans.

[Back to the top](#)



## UK News

### Treasury Department issues notice for frozen assets reporting

Financial sanctions legislation applicable in the UK requires that all funds or economic resources belonging to, owned, held or controlled by an individual, entity or body, listed under EU or UK legislation as being subject to financial sanctions, must be frozen. The UK Treasury Office of Financial Sanctions Implementation is carrying out its annual review of its records and has, as a result, issued a [notice](#) requesting all individuals

who hold or control funds or economic resources belonging to an individual subject to financial sanctions to report the details of these assets to the Treasury Department by 14 October 2016.

[Back to the top](#)

# Sanctions Alert

Sanctions Alert is a publication of  
**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](mailto:sanctions@debevoise.com) or call:

**Satish Kini**  
Partner  
Washington  
+1 202 383 8190

**David O'Neil**  
Partner  
Washington  
+1 202 383 8040

**Carl Micarelli**  
Counsel  
New York  
+1 212 909 6813

**Alex Parker**  
International Counsel  
London  
+44 20 7786 9130

**Konstantin Bureiko**  
Associate  
London  
+44 20 7786 5484

Please address inquiries  
regarding topics covered in  
this publication to the editors.

All content (c) 2016 Debevoise &  
Plimpton LLP. All rights reserved.  
The articles appearing in this  
publication provide summary  
information only and are not  
intended as legal advice. Readers  
should seek specific legal advice  
before taking any action with  
respect to the matters discussed  
herein. Any discussion of U.S.  
federal tax law contained in these  
articles was not intended or written  
to be used, and it cannot be used  
by any taxpayer, for the purpose  
of avoiding penalties that may be  
imposed on the taxpayer under  
U.S. federal tax law.

Please note:  
The URLs in Sanctions Alert are  
provided with hyperlinks so as  
to enable readers to gain easy  
access to cited materials.