

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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EU News

Iran Sues MoD Firm over 35-year-old Tank Order

According to reports in *The Independent on Sunday* and *The Independent*, the Iranian government is suing International Military Services Ltd (“IMS”), a company owned by the Ministry of Defence (“MoD”), in England in a dispute that centres on the order of 1,750 tanks and support vehicles by the Shah of Iran prior to the Iranian revolution in 1979. Tehran made an upfront payment of the total order amount -some £650 million- but had only received 185 vehicles by the time the regime was toppled. No funds were ever returned to Iran by IMS.

The parties were said to have reached a settlement in 2010, but the apparent recent commencement of the legal action suggests that this was not the case.

The Independent on Sunday quoted an MoD spokesman as saying: “No money will [be] paid to Iran while EU sanctions remain in place. Settlement negotiations between International Military Services Ltd and the Iranian regime are ongoing and no agreement has yet been reached.”

[*The Independent on Sunday* article from 2014 regarding this issue](#)

[*The Independent* article from 2010 regarding this issue](#)

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US News

Bank of Moscow Pays OFAC \$9.5 Million Settlement for Alleged US Fund Transfers for Bank Melli Affiliate

On 27 January 2014, Bank of Moscow, a financial institution based in the Russian Federation, agreed to remit \$9,492,525 to settle with the US Treasury Department’s Office of Foreign Asset Control (“OFAC”) for apparent violations of the US sanctions against proliferators of weapons of mass destruction. OFAC alleged that the apparent violations occurred as a result of 69 fund transfers in 2008 and 2009 totalling more than \$41 million for or on behalf of Bank Melli Iran ZAO, Moscow, Russia (“BMI Russia”), a Russian

affiliate of Iran’s Bank Melli designated as a WMD proliferator under Executive Order 13382.

According to OFAC, the SWIFT messages sent by Bank of Moscow to US financial institutions failed to properly identify BMI Russia, and as a result, the US banks processed the fund transfers straight through without manual intervention. OFAC found Bank of Moscow’s alleged violations to constitute a non-egregious case and noted that, although Bank of Moscow did not voluntarily self-disclose and failed

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to exercise an appropriate degree of caution or care in avoiding the conduct that led to the alleged violations, the bank cooperated with OFAC's investigation by agreeing to toll the statute of limitations and took remedial action to improve compliance with US sanctions laws and regulations.

[OFAC enforcement announcement](#)

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US Considers Targeted Sanctions on Past and Present Political Leaders of the Central African Republic

On 26 January 2014, US Secretary of State John Kerry issued a press statement condemning renewed inter-religious violence in the Central African Republic ("CAR"), identifying recent attacks by anti-Balaka and Seleka groups in Bangui, CAR's capital, as well as the provinces. The US announced that it was prepared to issue targeted sanctions against "those who further destabilise the situation, or pursue their own selfish

ends by abetting or encouraging the violence." Secretary Kerry reaffirmed the US's support of Transitional President Catherine Samba-Panza as well as the efforts of the African Union, regional leaders and France to disarm armed groups operating in the CAR.

[Department of State Press Release](#)

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Dennis Rodman Reportedly Being 'Investigated' for Possible Exports of Luxury Goods to North Korea

According to unconfirmed reports in *The Independent* and *The Daily Beast*, the US Treasury Department is investigating former US professional basketball player Dennis Rodman for allegedly violating US and UN sanctions imposed on North Korea. The US government has refused to comment on these reports. During his controversial trip to North Korea in January, Rodman is said to have brought with him several presents intended for Kim Jong-un and his wife. The gifts reportedly included Jameson Irish whiskey, a fur coat, an Italian suit and several bottles of Rodman's own brand of vodka.

UN Security Council Resolutions 1718 (2006) and 2094 (2013) prohibit the export of "luxury goods"

to North Korea. The United States has implemented these resolutions through Section 746.4 of the Export Administration Regulations, which requires a US Commerce Department licence for most exports of goods directly or indirectly from the US to North Korea and establishes a policy of denial for exports of luxury goods. Additionally, US Executive Order No. 13551 authorises the Treasury Department to block the US property even of foreign persons who violate the UN luxury goods ban.

[The Independent article regarding this issue](#)

[The Daily Beast article regarding this issue](#)

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US Adds Palestinian Islamic Jihad Official to Global Terrorism Sanctions List

On 23 January 2014, the US Department of State designated Ziyad al-Nakhalah as a Specially Designated Global Terrorist under Executive Order 13224. Ziyad al-Nakhalah is the Deputy Secretary General of the Palestinian Islamic Jihad (“PIJ”), which is designated a Foreign Terrorist Organisation by the US. PIJ has carried out numerous large-scale suicide bombings against Israeli civilian and military targets, including

the bus bombing in Tel Aviv on 22 December 2013, and has as its stated goal the destruction of Israel. Ziyad al-Nakhalah has publicly taken credit for many of PIJ’s attacks.

[OFAC announcement](#)

[Department of State Press Release](#)

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Coursera Online Course Accessibility Restricted for Students from Cuba, Iran and Sudan

Coursera, a US-based online education company, announced on 28 January 2013 that US sanctions laws and regulations prevented it from offering its online courses to students based in Cuba, Iran or Sudan. US officials have not commented on the matter, although Coursera has stated that it is working closely with the US Department of State and OFAC “to secure permissions to reinstate site access for students in sanctioned countries.” Coursera previously believed that the services it offered online were not covered by US export controls but had recently received information that caused it to conclude otherwise,

prompting the company to implement a system that blocks access to users with IP addresses located in the sanctioned countries. Coursera had initially blocked access from Syria as well, but later unblocked Syria in reliance on OFAC’s General License No. 11A.

[Coursera blog entry regarding this issue](#)

[Financial Times article regarding this issue](#)

[CNN Money article regarding this issue](#)

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US Authorises Transactions Involving Arrested Vessel Linked to IRISL

On 4 February 2014, OFAC issued General License No. 9 under the Weapons of Mass Destruction Proliferators Sanctions Regulations. The general licence authorises US persons to engage in certain

transactions related to the arrest, detention and judicial sale of the *M/V Sinin*, a Maltese-flagged bulk carrier on OFAC’s Specially Designated Nationals (“SDN”) list, which is currently under arrest in China. OFAC first

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placed the *Sinin* on its SDN list on 10 September 2008 in connection with the imposition of sanctions on Islamic Republic of Iran Shipping Lines (“IRISL”). The *Sinin* was in the news in 2011 when the vessel and its crew were captured and held for six months by pirates off the coast of Somalia.

[WMD General License No. 9](#)

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UN News

Security Council Renews Sanctions on the Democratic Republic of the Congo

The UN Security Council has adopted Resolution 2136 (2014), which renews the arms embargo, financial and travel measures imposed on the Democratic Republic of the Congo (“DRC”) by Resolution 1807 (2008) until 1 February 2015.

The arms embargo targets armed groups in the DRC which are not part of the government’s integrated army or police units, and prohibits the direct or indirect supply, sale or transfer of arms or related materiel, from member states’ territories or by their nationals, or using their flag vessel or aircraft to such groups. The financial and travel measures target, amongst others, individuals and entities: designated by the Security Council Committee established to oversee

DRC sanctions; violating the arms embargo; actively engaging in the armed conflict; or acting on behalf of or at the direction of a designated individual or entity.

The Security Council also called on the Secretary General to extend the mandate of the Group of Experts established pursuant to Resolution 1533 (2004), which is tasked with supporting the Security Council Committee established to oversee DRC sanctions by monitoring the implementation of the sanctions.

[Security Council Resolution 2136 \(2014\) \(PDF\)](#)

[Security Council Resolution 1807 \(2008\) \(PDF\)](#)

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Security Council Extends Sanctions on the Central African Republic

The UN Security Council has adopted Resolution 2134 (2014), which renews the arms embargo imposed on the CAR by Resolution 2127 (2013) until 28 January 2015, and imposes asset freezes and travel bans on, amongst others, individuals and entities designated by the Security Council Committee established to oversee the CAR sanctions; violating the arms embargo; actively engaging in the armed conflict; or acting on behalf of or at the direction of a designated individual or entity.

The arms embargo prohibits the direct or indirect supply, sale or transfer of arms or related materiel, from member states' territories or by their nationals, or using their flag vessel or aircraft to the CAR.

[Security Council Resolution 2134 \(2014\) \(PDF\)](#)

[Security Council Resolution 2127 \(2013\) \(PDF\)](#)

[New York Times article regarding this issue](#)

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Other News

Russia and Iran Look for a Compromise over Terminated Missile Deal

In a recent interview with the Russian *Kommersant*, the director general of Russia's Rosoboronexport, Anatoly Isaykin, said Russia and Iran were seeking a solution to the termination of an agreement, signed in 2007, for the delivery of Russian-built S-300 surface-to-air missile systems to Iran. Russia terminated the agreement in 2010 because of UN Security Council sanctions on Iran. In response to this, Iran commenced international arbitration proceedings in Geneva.

Isaykin told *Kommersant*: "This is the legitimate right of the Iranian side to bring a suit in international arbitration for the failure to perform a contract...But I am sure we will reach a compromise solution."

[Kommersant article regarding this issue \(Russian\)](#)

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Events

Debevoise & Plimpton LLP Co-hosts Chatham House Sanctions Symposium

Thursday, 13 February 2014

5:00 p.m. Registration

5:30 p.m. Programme, with a drinks reception following

On 13 February 2014, Debevoise & Plimpton LLP, the International Law Programme of Chatham House, and the Foreign & Commonwealth Office will host a symposium at Chatham House, home of the Royal Institute of International Affairs. The discussion will focus on the current state of economic sanctions, looking at their implementation and impact from both the commercial and public policy perspectives, and addressing key questions concerning:

- sanctions in practice;
- international scope and coordination; and
- the effectiveness of sanctions.

SPEAKERS:

- **Richard Wood**, Deputy Head, International Organisations Department, Foreign and Commonwealth Office
- **Chris Chew**, Head of Policy, Export Control Organisation, Department for Business, Innovation & Skills

- **Keith Davis**, Policy Adviser, Sanctions and Illicit Finance, HM Treasury
- **Eric S. Medoff**, Terrorism Finance and Economic Sanctions Policy, Economic & Business Affairs—U.S. Dept. of State
- **Debra A. Valentine**, Group Executive Legal, External & Regulatory Affairs, Rio Tinto
- **Satish M. Kini**, Partner, Debevoise & Plimpton LLP, Washington, DC
- **Jessica Gladstone**, International Counsel, Debevoise & Plimpton LLP, London
- **Chair:** Elizabeth Wilmshurst, CMG, Associate Fellow, International Law Programme, Chatham House

To register for this event, please RSVP to

londonevents@debevoise.com

[Details of the event on Chatham House's website](#)

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