

Sanctions Alert

A bi-monthly summary of sanctions news and developments

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Russia News

EU Significantly Expands Sanctions in Respect of Ukraine

EU Introduces Sectoral Sanctions

Having discussed the possibility for some months, the EU has now adopted a package of targeted, sector-wide sanctions under Council Decision 2014/512/CFSP and Council Regulation (EU) No. 833/2014. The EU regime is substantially similar to the US regime, including its recently issued Sectoral Sanctions Identifications List. The regimes do not overlap precisely, and there are differences, for example, in the banks that have been sanctioned by the EU and US. Please see our Client Updates of 16 July and 29 July for further information.

In respect of the banking sector, the EU has prohibited the purchasing, selling, providing brokering services or assistance in the issuance of, or otherwise dealing with, “transferable securities and money-market instruments with a maturity exceeding 90 days”, issued after 1 August by the following state-owned banks: Sberbank, VTB Bank, Gazprombank, Vnesheconombank (“VEB”), and Rosselkhozbank (aka Russian Agricultural Bank). The prohibition extends to dealing with transferable securities and money-market instruments of the banks’ non-EU subsidiaries – defined as more than 50% held – or those of any other person acting at the direction of the listed banks or their subsidiaries. VTB Bank, Rosselkhozbank and VEB have already been designated by the US.

In respect of the energy sector, the EU has placed certain goods and technology related to the energy industry within its export licence regime. The supply, sale, transfer or export of a set of key technologies

designated in Annex II to Council Regulation (EU) No. 833/2014, will, if intended for use in Russia, require licensing from the competent authority of the relevant EU Member State. In line with new US restrictions adopted on 29 July, no licences will be granted in respect of deep water, Arctic oil exploration and production and shale oil projects in Russia, except for obligations arising under contracts entered into before 1 August 2014. The provision of technical assistance, brokering services, financing or financial assistance, including grants, loans and export credit insurance, in respect of these goods will also require licensing. The measures do not restrict the actual trade of oil, gas or other commodities.

In respect of the defence sector, the EU has prohibited the sale, supply, transfer or export to Russia of arms and related material, and of dual-use goods and technology for military use in Russia, or to Russian military end-users. These prohibitions apply respectively to all items listed on the common military list of the EU, including weapons and ammunition, military vehicles and paramilitary equipment, and all items on the EU’s dual-use list (the latest list of which is found in Council Regulation (EC) No. 428/2009). The provision of technical assistance, brokering services, financing or financial assistance, including grants, loans and export credit insurance, in respect of these goods, has also been prohibited. Contracts concluded before 1 August may still be performed; in certain circumstances, performance of such contracts may require authorisation.

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For more information on these sector-wide sanctions, please see our Client Update of 31 July.

[Council Decision 2014/512/CFSP](#)

[Council Regulation \(EU\) No. 833/2014](#)

[Client Update – 31 July](#)

[Client Update – 29 July](#)

[Client Update – 16 July](#)

[EU Common Military List](#)

[Council Regulation \(EC\) No. 428/2009](#)

EU Expands List of Designated Individuals and Entities

The EU has added 15 individuals and 18 entities to its list of persons subject to an asset freeze on the grounds that they are involved in undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. The 15 individuals are Mikhail Efimovich Fradkov (director of the Foreign Intelligence Service), Nikolai Platonovich Patrushev, Aleksandr Vasilievich Bortnikov (director of the Federal Security Service), Rashid Gumarovich Nurgaliev, Boris Vyacheslavovich Gryzlov, Sergei Orestovoch Beseda, Mikhail Vladimirovich Degtyarev, Ramzan Akhmadovitch Kadyrov, Alexander Nikolayevich Tkachyov, Pavel Gubarev, Ekaterina Gubareva, Fedor Berezin, Valery Vladimirovich Kaurov, Serhii Anatoliyovych Zdriliuk and Vladimir Antyufeyev. The 18 entities are the ‘Lugansk People’s Republic’, the ‘Donetsk People’s Republic’, the ‘Federal State of Novorossiya’, the International Union of Public Associations ‘Great Don Army’, ‘Sobol’, the ‘Lugansk Guard’, the ‘Army of the Southeast’, the ‘Donbass People’s Militia’, ‘Vostok battalion’, Kerch Ferry, Sevastopol Commercial Seaport, Kerch Commercial Seaport, Universal-Avia, Nizhnyaya Oreanda, Azov, Massandra, Magarach and Novy Svet.

The EU has also widened its designation criteria to allow it to impose asset freezes on persons and entities that actively support or are benefitting from Russian decision makers deemed to be responsible for the annexation of Crimea or the destabilisation of Eastern Ukraine. Eight individuals and three entities have been added under the new criteria. The individuals are Alexey Alexeyevich Gromov, Oksana Tchigrina, Boris Litvinov, Sergey Abisov, Arkady Romanovich Rotenberg, Konstantin Valerevich Malofeev, Yuriy Valentinovich Kovalchuk and Nikolay Terentievich Shamalov. The three entities are Joint-Stock Company Concern Almaz-Antey (a manufacturer of anti-aircraft weaponry), Dobrolet (a subsidiary of Aeroflot) and Russian National Commercial Bank.

[Council Implementing Regulation \(EU\) No. 826/2014](#)

[Council Decision 2014/499/CFSP](#)

[Council Implementing Regulation \(EU\) No. 810/2014](#)

[Council Regulation \(EU\) No. 269/2014](#)

EU Expands Restrictions on Trade and Investment in Crimea and Sevastopol

The EU has imposed additional sanctions on trade and investment in Crimea and Sevastopol, with effect from 30 July. The restrictions comprise a ban on the sale, supply or transfer of key equipment and technology destined for the creation, acquisition or development of infrastructure projects in the following three sectors: transport, telecommunications and energy. The restrictions also prohibit the sale, supply or transfer of key equipment and technology for the exploitation of oil, gas and mineral resources in Crimea and Sevastopol. In connection with these bans on trade and investment, the EU has prohibited the provision of technical assistance, training and financing to enterprises engaged in the creation, acquisition or

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development of infrastructure in the sanctioned sectors, or in the exploitation of the sanctioned natural resources.

[Council Decision 2014/507/CFSP](#)

[Council Regulation \(EU\) No. 825/2014](#)

[Council Decision 2014/386/CFSP](#)

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US Introduces the Sectoral Sanctions Identification List, Expands Blocking Sanctions and Export Controls

Sectoral Sanctions Identification List

On 16 July, under the authority of Executive Order (“EO”) 13662, which authorises the imposition of sanctions on companies operating within specific sectors of the Russian economy, the US Treasury Department’s Office of Foreign Assets Control (“OFAC”) announced the Sectoral Sanctions Identification List (“SSI List”).

Under Directive 1 of the SSI List, US persons are prohibited from financing or otherwise transacting or dealing in new equity or new long-term debt, defined as debt of longer than 90 days maturity, for listed companies. Directive 2 of the SSI List prohibits US persons from transacting in new long-term debt for listed companies. Initially, two Russian banks, Gazprombank and VEB, were listed under Directive 1, and two energy companies, Rosneft and Novatek, were listed under Directive 2.

On 29 July, OFAC announced the addition of three state-owned financial institutions – VTB Bank, Bank of Moscow and Russian Agricultural Bank – to the SSI List under Directive 1.

Accompanying the release of the new SSI List, OFAC updated its online frequently asked questions (“FAQs”) to include “Questions Related to Sectoral Sanctions under Executive Order 13662.” The new FAQs make

clear that companies included on the SSI List are not subject to blocking sanctions. OFAC also provides definitions of “debt” and “equity” and describes the circumstances in which rollover debt will fall under this prohibition. On 28 July, OFAC updated these FAQs to provide guidance on transactions involving SSI entities with regard to depositary receipts, revolving credit facilities and other loan agreements, credit exposures under derivatives contracts and letters of credit.

Finally, OFAC has also issued General License 1 under EO 13662, which authorises all US persons, without need to apply to or otherwise inform OFAC, to engage in transactions involving derivatives whose value is linked to long-term debt or equity issued by companies included on the SSI List.

Blocking Sanctions

The US also expanded blocking sanctions on Russia companies. On 29 July, OFAC announced the imposition of blocking sanctions on United Shipbuilding Corporation, a state-owned corporation and Russia’s largest shipbuilding company.

This action was preceded on 16 July by the imposition of blocking sanctions on eight Russian arms and defence industry firms, four Russian government officials, two separatist groups in Ukraine and a Crimean shipping facility.

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The arms and defence industry firms are Almaz-Antey, Federal State Unitary Enterprise State Research and Production Enterprise Bazalt, JSC Concern Sozvezdie, JSC MIC NPO Mashinostroyenia, Kalashnikov Concern, KBP Instrument Design Bureau, Radio-Electronic Technologies, and Uralvagonzavod.

The four government officials are Sergey Beseda (a senior Russian Federal Security Service official), Oleg Savelyev (Russia's Minister for Crimean Affairs), Sergei Neverov (Deputy Chairman of the State Duma of the Russian Federation), and Igor Shchegolev (Aide to the President of the Russian Federation).

The separatist groups that have been designated are the Luhansk People's Republic and the Donetsk People's Republic, both of which have also been designated by the EU. The entities are accused of having asserted unauthorised governmental authority over parts of Ukraine. Feodosiya Enterprises, a key shipping facility in the Crimean peninsula, has been designated for being complicit in the misappropriation of Ukrainian state assets.

Canada Amends Special Economic Measures Regulations for Ukraine and Russia

Canada has amended the Special Economic Measures (Russia) Regulations in order to impose a prohibition on providing new debt and equity financing to Gazprombank OAO and VEB, and a prohibition on providing new debt financing to OAO Novatek. Debt financing is defined as a loan, bond or debenture, of longer than 90 days' maturity. Equity financing is defined as capital funding through the transaction of shares in exchange for an ownership interest.

Export Controls

On 29 July, the US Commerce Department's Bureau of Industry and Commerce ("BIS") instituted a policy denying the export, reexport or foreign transfer of items that are for use in Russia's energy sector and may be used for exploration in or production from deepwater, Arctic offshore or shale projects that have the potential to produce oil.

[Sectoral Sanctions Identification List](#)

[Ukraine General License 1](#)

[FAQs on SSI List](#)

[US Commerce Department Press Release](#)

[US Treasury Department Press Release – July 29](#)

[US Treasury Department Press Release – July 16](#)

[Executive Order 13662](#)

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Canada has also designated the following seven entities, all of which are linked to Russia's arms industry: Almaz-Antey, Federal State Unitary Enterprise State Research and Production Enterprise Bazalt, JSC Concern Sozvezdie, JSC MIC NPO Mashinostroyenia, Kalashnikov Concern, KBP Instrument Design Bureau and Radio-Electronic Technologies. These entities are now subject to an asset freeze.

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Canada has also amended the Special Economic Measures (Ukraine) Regulations in order to add eight individuals and two entities, all of whom are now subject to an asset freeze. The individuals are Vladimir Antyufeyev, Marat Bashirov, Aleksandr Yurivich Borodai, Yuriy Ivakin, Alexandr Aleksandrovich Kalyussky, Aleksey Karyakin, Alexandr Khryakov and Vasyl Nikitin. The entities are Donetsk People's Republic and Luhansk People's Republic.

[Regulations Amending the Special Economic Measures \(Russia\) Regulations](#)

[Regulations Amending the Special Economic Measures \(Ukraine\) Regulations](#)

[Special Economic Measures \(Russia\) Regulations](#)

[Special Economic Measures \(Ukraine\) Regulations](#)

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Russia Expands List of Barred Americans

Russia has expanded the list of individuals who are barred from entering Russia to include officials connected to the prisons at Guantánamo Bay and Abu Ghraib, including Rear Admiral Richard W. Butler, Gladys Kessler and Lt. Gen. Ricardo Sanchez. Butler (the previous prison commander of Guantánamo Bay) and Kessler (a senior judge for the United States District Court in Washington) were involved in carrying out the decision to force-feed prisoners who were on a hunger strike at Guantánamo Bay.

Sanchez was commander of the American forces in Iraq when the issue of torture at Abu Ghraib came to light. Also barred is James P. Moran, a Democrat Representative, who lobbied to ban the Pentagon from purchasing arms for Rosoboronexport, the Russian State arms dealer.

[New York Times Article](#)

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Japan Extends Sanctions Against Russia

Japan has announced that assets held in Japan by individuals or groups directly involved in the annexation of Crimea or the instability in eastern Ukraine will be frozen. The names of those subject to sanctions will be announced when the measures take effect upon being formally approved by the

Japanese Cabinet. Japan has previously imposed limited sanctions on Russia, including placing an entry visa ban on 23 individuals.

[Diplomat Article](#)

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Iran News

Iran Joint Plan of Action Extended for Four Months

The Joint Plan of Action (“JPOA”) which Iran entered into with China, France, Germany, the Russian Federation, UK and USA (“EU3+3”) in November 2013 has been extended for a further four months as negotiations over Iran’s nuclear programme continue. Originally due to last until 20 July 2014, it will now last until 24 November 2014. Under the JPOA, Iran has given various undertakings in return for which the EU and US have agreed to suspend certain of the prohibitions imposed on Iran and release a limited amount of restricted funds belonging to Iran. The sanctions that have been suspended include the EU prohibitions contained in Council Decision 2010/413/CFSP and certain US “secondary sanctions” against the Iranian petroleum and automotive industries; additionally, the US has agreed to authorize the exportation of civilian aircraft parts and maintenance services to Iran and to facilitate certain payments. Pursuant to EU Council Decision 2014/480/CFSP and a guidance document and amended

statement of policy issued by the US government, these suspensions have been extended until 24 November 2014. Iran’s undertakings include, among other things, not enriching uranium over 5%, not creating new locations for enrichment, and providing specified information to the International Atomic Energy Agency.

[FCO Press Release](#)

[Council Decision 2014/480/CFSP](#)

[Joint Plan of Action](#)

[Council Decision 2010/413/CFSP](#)

[US Treasury and State Department Guidance on Extended JPOA](#)

[OFAC Amended Statement of Licensing Policy on Civil Aviation](#)

[OFAC FAQ on Extension of JPOA](#)

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EU Annuls One Iranian Listing and Upholds Another

The General Court of the European Union (the “EGC”) has ruled in favour of Moallem Insurance Co. (“Moallem”), granting its application to have annulled the asset freeze imposed on it pursuant to Council Regulation (EU) No. 267/2012, as amended, and Council Decision 2010/413/CFSP, as amended. Moallem had been listed on the grounds that it was the main insurer of the Islamic Republic of Iran Shipping Lines. The EGC annulled Moallem’s listing on the ground that the European Council had not provided sufficient evidence to support the designation.

Separately, the EGC has ruled against the National Iranian Oil Company’s (“NIOC’s”) application to have its listing annulled. NIOC is listed because it is said to be an entity owned and managed by the Iranian state. The EGC rejected all of NIOC’s grounds of challenge.

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

[National Iranian Oil Company v Council \(Case T-578/12\) \(French\)](#)

[Council Regulation \(EU\) No. 267/2012](#)

[Council Decision 2010/413/CFSP](#)

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UK News

UK Treasury Revises Policy in Respect of Funds from Designated Persons

From 31 July 2014, any funds arriving in the UK, or in a UK bank wherever situated, which have come from, or at any stage via, a person subject to an asset freeze based outside the EU, will be required to be frozen in a suspense account, or other separate account, on arrival in the UK bank. Such funds will only be released if the intended recipient obtains a licence from HM Treasury. HM Treasury had previously taken the view that when

funds are received by a non-designated person in the UK from a designated person outside the EU, they did not need to be frozen and a licence was not required.

[HM Treasury Notice](#)

[Consolidated List of Financial Sanctions Targets](#)

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EU News

EU Extends Syrian Sanctions and General Court Annuls Listings

The EU has amended Council Regulation (EU) No. 36/2012, which imposes financial sanctions against Syria, so that an asset freeze now applies to a further three individuals and nine entities. The individuals are Hashim Anwar Al-Aqqad, Amr Armanazi and Suhayl Hasan. The entities are Army Supply Bureau, El Jazireh, Higher Institute for Applied Sciences and Technology, Industrial Establishment of Defence, National Standards & Calibration Laboratory, Oceans Petroleum Trading, the Baniyas Refinery Company, the Homs Refinery Company and Tri Oceans Trading.

Separately, in two different judgments, the EGC has annulled the designation of two individuals in respect

of the EU's restrictive measures relating to Syria. The individuals, Mazen Al-Tabbaa and Samir Hassan, had their listings annulled on the grounds that the European Council had not provided sufficient evidence to the EGC to support its reasons for including them on the list of designated persons.

[Council Implementing Regulation \(EU\) No. 793/2014](#)

[Mazen Al-Tabbaa v Council \(Joint Cases T-329/12 and T-74/13\)](#)

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

[Council Regulation \(EU\) No. 36/2012](#)

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EU Amends Libyan Sanctions

The EU has amended Council Regulation (EU) No. 204/2011, which imposes financial sanctions against Libya, so that an asset freeze no longer applies to Mohamad Ali Zidane. Zidane was Minister for Transport in Colonel Gaddafi's government, and was listed for his involvement in violence against demonstrators.

[Council Implementing Regulation \(EU\) No. 792/2014](#)

[Council Regulation \(EU\) No. 204/2011](#)

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EU Amends Iraq Sanctions

The EU has amended Regulation (EC) No. 1210/2003, which imposes an asset freeze on persons associated with the regime of former President Saddam Hussein, so that exemptions to the asset freeze may be made for funds or economic resources which are (i) necessary to satisfy the basic needs of designated persons and their dependent family members, (ii) intended exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services, (iii) intended exclusively for payment of fees or service charges for routine holding or maintenance of frozen funds and economic resources, or (iv) necessary for extraordinary

expenses, provided that the relevant competent Member State authority has notified the grounds on which it considers that a specific authorisation should be granted to the competent authorities of the other Member States and to the Commission at least two weeks prior to the authorisation.

[Council Regulation \(EU\) No. 791/2014](#)

[Council Decision 2014/484/CFSP](#)

[Council Regulation \(EC\) No. 1210/2003](#)

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EU Renews and Amends Terrorism Sanctions List

The EU has amended Council Regulation (EC) No. 2580/2001, which imposes financial sanctions with the view to combating terrorism. Sofiane Yacine Fahas has been removed from the list of designees but the designations of 10 persons and 25 entities deemed to have been involved in terrorist attacks have been renewed. Fahas was originally listed on suspicion of involvement with Al-Takfir and Al-Hijra, the Algerian dissident groups. The decision to delist Fahas was taken

as part of the Council's regular review to ensure that there are grounds for maintaining the designation of the persons, groups and entities to whom the asset freeze applies.

[Council Implementing Regulation \(EU\) No. 790/2014](#)

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

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US News

US Sanctions North Korean Enterprises for Shipping Arms from Cuba to North Korea

On 30 July, the US Treasury Department announced that it was blocking the assets of Chongchongang Shipping Company and Ocean Maritime Management Company (“OMM”), both North Korean state-owned shipping companies. In July 2013, Panamanian authorities discovered and seized a concealed shipment of arms and related materiel from Cuba destined for North Korea aboard the *Chong Chon Gang*, a vessel owned by Chongchongang Shipping Company and managed by OMM. The shipment apparently violated a UN Security Council arms embargo on North Korea. According to a notice issued on 28 July 2014 by the UN

Security Council Committee established to monitor the arms embargo, OMM played a key role in arranging the shipment. Also designated were 18 North Korean vessels in which these companies have an interest, including the *Chong Chon Gang*.

[US Treasury Department Press Release](#)

[UN Security Council Committee Established Pursuant to Resolution 1718, Implementation Assistance Notice No. 5 \(PDF\)](#)

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US Makes New Narcotics Designations

As a result of a joint investigation with the US Drug Enforcement Agency, OFAC has blocked the assets of four members of an alleged synthetic drug trafficking organization based in China and a related Chinese company pursuant to the Foreign Narcotics Kingpin Designation Act (the “Kingpin Act”). OFAC asserts that Zhang Lei, a Chinese national, led the organization and through CEC Limited, a company owned by Mr. Lei and others, manufactured and sold substances over the internet to customers around the globe, including bath salts, synthetic psychoactive substances and chemicals that can be used to create synthetic psychoactive substances. Also designated were Mr. Lei’s mother, a part-owner of CEC Limited, and two of Mr. Lei’s associates, Zhang Jicheng and Hu Yongan.

On 23 July, OFAC blocked the assets of 17 members of the Colombian drug trafficking organization Los Urabenos and six companies associated with these individuals pursuant to the Kingpin Act. The leader of Los Urabenos was designated on 31 May 2013. In announcing the designations, OFAC stated that the group engages in activities ranging from money laundering to drug and weapons trafficking and has expanded its operations not only in the Americas but also into Spain.

[US Treasury Department Press Release – Chinese Drug Traffickers](#)

[US Treasury Department Press Release – Los Urabenos](#)

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OFAC Assesses Penalty for Sale of Goods for Export to Iran

On 25 July, OFAC announced a penalty assessment against Epsilon Electronics Inc. (“Epsilon”), a California-based company, in the amount of \$4,073,000 for violations of the Iranian Transactions and Sanctions Regulations (“ITSR”). OFAC found that Epsilon knew or had reason to know that car audio and video equipment shipped to Asra International Corporation LLC (“Asra”), a company with locations in Iran and Dubai, UAE, was intended specifically for supply, transshipment or reexportation to Iran. The penalty was assessed for Epsilon’s issuance of 39 invoices related to these shipments, five of which were issued after Epsilon had received a cautionary letter from OFAC in January 2012. In its penalty notice to Epsilon, OFAC notes that multiple facts tend to show that Epsilon knew or should have known that the goods it sent to Asra were intended for reexport to Iran: Asra’s website states that it distributes only in Iran, Epsilon had attempted to ship goods directly to Asra’s address in Iran, and Epsilon posted pictures on its website of its products in Iran. OFAC found that Epsilon did not voluntarily self-disclose the violations, that the shipments prior to Epsilon’s receipt of the cautionary letter from OFAC constituted

a non-egregious case, and that the shipments after receipt of the letter constituted an egregious case.

Aggravating factors cited by OFAC included that Epsilon acted with reckless disregard for US sanctions; Epsilon appears to have attempted to hide its sales to Iran by removing a product photo gallery from its website labelled “Iran”; the alleged violations constituted or resulted in a systematic pattern of conduct; five of the shipments occurred after Epsilon received a warning letter from OFAC; the value of the transactions was \$3,407,491; Epsilon did not have a sanctions compliance programme at the time of the alleged violations; and Epsilon attempted to mislead OFAC by providing false information. Mitigating these factors, OFAC noted that Epsilon had not previously received a penalty notice in the last five years, that Epsilon is a small business and that Epsilon provided some cooperation to OFAC, including agreeing to toll the statute of limitations for one year.

[OFAC Enforcement Announcement \(PDF\)](#)

[OFAC Penalty Notice \(PDF\)](#)

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Bank of America Settles Potential Civil Liability for Apparent Violations of Kingpin Act

On 24 July, OFAC announced that Bank of America, N.A. agreed to pay \$16,562,700 to settle potential liability for apparent violations of the Kingpin Act. According to the Factual Statement in the settlement agreement, Bank of America appears to have processed 208 transactions on behalf of, and failed to block

five accounts owned by, 10 individuals on the SDN List between September 2005 and March 2009. The apparent violations appear to have occurred because of a deficiency in Bank of America’s screening and filtering processes, and the settlement agreement asserts that Bank of America became aware of this

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deficiency on 6 October 2006. OFAC determined that the apparent violations that occurred after this date constituted an egregious case. Finally, although many of the apparent violations were disclosed by Bank of America, OFAC determined that the disclosures did not qualify as voluntarily self-disclosed under the Economic Sanctions Enforcement Guidelines because

OFAC was already aware of substantially similar apparent violations prior to the disclosures.

[OFAC Enforcement Announcement \(PDF\)](#)

[OFAC – Bank of America Settlement Agreement \(PDF\)](#)

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OFAC Settles with Exporters for Potential Civil Liability

On 23 July, OFAC announced that Procesadora Campofresco, Inc. (“Campofresco”), a Puerto Rican company, has agreed to pay \$27,000 to settle potential civil liability for six apparent violations of the Narcotics Trafficking Sanctions Regulations. According to OFAC, Campofresco made six purchases of frozen passion fruit juice/pulp from a company on the SDN List, Frutas Exoticas Colombiana S.A. OFAC determined that Campofresco did not voluntarily self-disclose the apparent violations and that they constituted a non-egregious case. As mitigating factors, OFAC considered that Campofresco has not had a violation in the last five years, that the company cooperated with OFAC’s investigation and that it has since implemented a sanctions compliance program. OFAC also considered the individual characteristics of the company, including the size of its operations and financial condition.

On 17 July, OFAC announced that Tofasco of America (“Tofasco”), a US company based in California, remitted \$21,375 to settle potential civil liability for an alleged violation of the Weapons of Mass Destruction Proliferators Sanctions Regulations. OFAC stated that Tofasco appears to have violated US sanctions when it engaged a bank to process a letter of credit representing payment for a shipment of recreational chairs to a blocked entity, the Islamic Republic of Iran Shipping Lines (“IRISL”). Accompanying the letter of

credit was a substitute bill of lading omitting reference to the blocked entity, which substitution was made after a previous bank had refused to advise the letter of credit with the original trade documents because of IRISL’s involvement. OFAC noted that Tofasco did not make a voluntary self-disclosure but that the alleged violation did not constitute an egregious case. Among the aggravating factors were that Tofasco demonstrated reckless disregard for US sanctions requirements when it presented trade documents to a second bank after the documents were rejected by a prior bank, that Tofasco took deliberate steps to evade US sanctions, that Tofasco knew of IRISL’s involvement, that Tofasco did harm to the sanctions programme objectives by providing a direct benefit to a sanctioned entity and that Tofasco did not have a sanctions compliance programme at the time of the apparent violation. Mitigating these factors were that Tofasco did not have prior sanctions history with OFAC and that Tofasco appears to be a small company lacking the sophistication of a larger company conducting international trade.

[OFAC Enforcement Announcement – Campofresco \(PDF\)](#)

[OFAC Enforcement Announcement – Tofasco \(PDF\)](#)

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US Designates Norwegian Under Terrorism Sanctions

On 15 July, the US State Department designated Anders Cameron Ostensvig Dale, a Norwegian citizen, as a Specially Designated Global Terrorist under Executive Order 13224. The State Department asserts that Dale has joined al-Qaida in the Arabian Peninsula (“AQAP”) and has been trained to make bomb belts, improvised explosive devices and larger explosives

used in car bombs. Accordingly, Dale has been added to OFAC’s SDN List. AQAP was designated as a Foreign Terrorist Organization in January 2010.

[US State Department Press Release](#)

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Sanctions Alert

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