

SHEARMAN & STERLING<sub>LLP</sub>

# Sanctions Roundup



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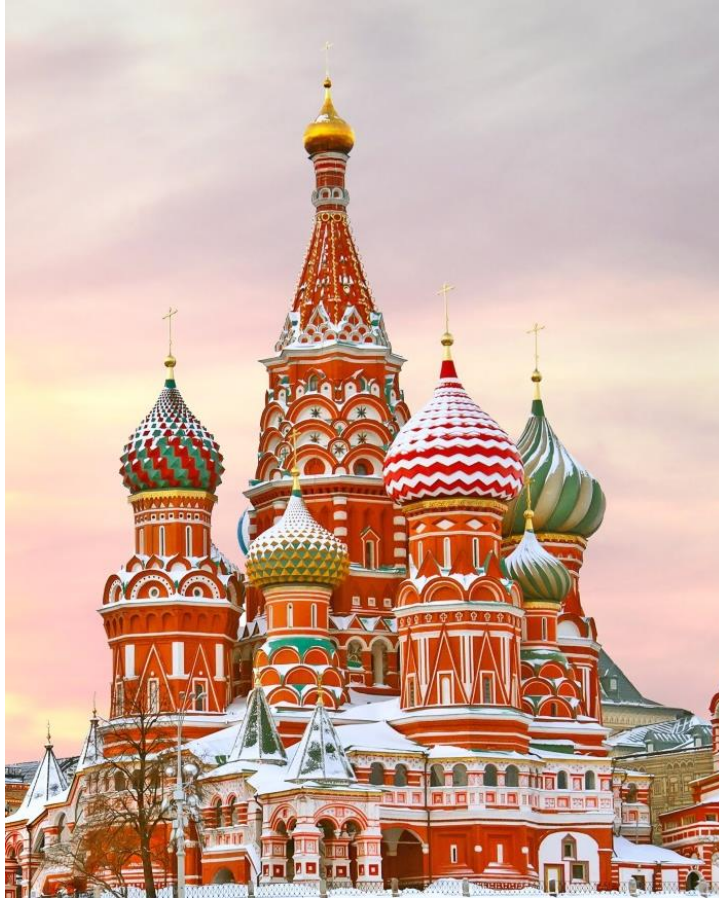


# Third Quarter 2017

The third quarter was headlined by the imposition of broad new US legislative sanctions against Russia, Iran, and North Korea. The Trump Administration also acted unilaterally to significantly expand sanctions against both North Korea and Venezuela, while removing decades-old sanctions against Sudan. OFAC continued its recent trend of pursuing enforcement actions against non-financial entities.

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## The “Countering America’s Adversaries Through Sanctions” Act

On August 2, 2017 President Trump signed into law the “Countering America’s Adversaries Through Sanctions Act,” which imposes new sanctions against Russia, North Korea, and Iran. The Act, which was largely passed in response to Russia’s perceived meddling in the 2016 US presidential election, received nearly unanimous bipartisan support in the House and Senate. President Trump indicated his displeasure with the Act as he signed it into law, describing the new sanctions “seriously flawed” and even “unconstitutional” for encroaching on the power of the executive branch to determine foreign policy. As described below, the new sanctions targeting Russia—

many of which purport to remove Presidential discretion—are expected to be the most consequential, and the President’s implementation of those provisions will likely face intense scrutiny by US legislators in the coming months.

The Russia-related provisions of the new law are found in a subsection entitled the “Countering Russian Influence in Europe and Eurasia Act of 2017” (CRIIEA). The Act serves to codify existing US sanctions, expand existing restrictions on US persons doing business with Russia, and add a number of secondary sanctions targeting non-US persons’ activity involving Russia. In large part, the provisions are identical to those in the bill initially proposed by the Senate earlier this summer (described in detail in our [previous Sanctions Roundup](#)). Below, we reiterate the most the most important aspects of the new sanctions as they appear in the final version of the Act:

### Codification of Existing US Sanctions

By adopting existing sanctions against Russia into law, Congress removes the President’s ability to lift those sanctions unilaterally. Specifically, the bill requires President Trump to submit a report to Congress requesting permission to remove any Russia-related sanctions, including the various Russia-related executive orders signed during the Obama Administration.

### Sanctions Targeting Activity by US Persons

CRIEEA strengthens existing Russian “sectoral” sanctions (which apply to US persons) in multiple ways:

- *New sectors.* Section 223 of the Act authorizes, but does not require, the Treasury Department to expand the sectoral sanctions to include any “state-owned entity operating in the railway or metals and mining” sectors of Russia. The existing sectoral sanctions

already apply to Russia's energy, financial, and defense sectors, but the Trump Administration has not availed itself of the authority granted to it by this section to expand them.

- *Tightening of debt restrictions.* Section 223 also tightens certain debt financing restrictions on SSI-listed entities. Specifically, OFAC Directive 1 (applying to Russian financial institutions) and Directive 2 (applying to Russian energy companies) are modified to restrict US persons from transacting in new debt having maturity periods for new debt to fourteen days (formerly 30 days) and 60 days (formerly 90 days), respectively, with designated entities. The Administration delayed implementing the changes mandated by section 223 until the last possible moment, thus delaying the effective date of the shortened maturity periods to new debt issued on or after November 28, 2017.
- *Expansion of prohibition on supplying Russian oil projects.* Section 223 expands Directive 4 to prohibit US persons from providing goods, services (except for financial services), or technology in support of exploration or production for "new" deepwater, Arctic offshore, or shale projects involving an entity designated under Directive 4 that has the potential to produce oil anywhere in the world. Previously, this prohibition was geographically restricted to projects "within the Russian Federation." Furthermore, the CRIIEA expands the prohibition to apply to any entity 33% or more owned by a person designated under Directive 4 (formerly 50% or more).

### **Mandatory Sanctions Targeting Non-US Persons' Activity**

- *Investments in special Russian crude oil projects.* Section 225 requires the President to impose secondary sanctions on non-US persons who make "a significant investment in a special Russian crude oil project," defined as "a project intended to extract crude oil from (A) the exclusive economic zone of the Russian Federation in waters more than 500 feet deep; (B) Russian Arctic offshore locations; or (C) shale formations located in the Russian Federation." Notably, however, the statute does not define what qualifies as a "significant investment," and OFAC has yet to release such guidance. Section 225 contains an exception to imposing the sanctions if the President determines that it is not in the national interest of the US to do so. As of this date, the President has not identified any non-US person subject to these secondary sanctions, nor has he invoked the national interest exception to shield such persons.
- *Foreign financial institutions.* Section 226 requires the President to terminate or restrict access to US correspondent and payable-through accounts for foreign financial institutions that "knowingly" engage in significant financial transactions (1) on behalf of Russian persons designated on OFAC's SDN list under the Ukraine-related authorities or certain other sanctioned persons; or (2) in connection with significant investments in a Russian deepwater, Arctic offshore, or shale oil project. Like section 225, section 226 contains an exception to imposing the sanctions if the President determines that it is not in the national interest of the US to do so. As with section 225, the President has not identified any foreign financial institutions that are subject to these secondary sanctions, nor has he invoked to the national interest exception to shield any such institutions.
- *Non-US sanctions "evaders."* Section 228 requires the President to impose blocking sanctions (i.e., designation on OFAC's SDN list) on a "foreign person" that the President determines "knowingly" (1) materially violates, attempts to violate, conspires to violate, or causes a violation of any Russia sanctions provision; or (2) facilitates a significant transaction or transactions, including deceptive or structured transactions, for or on behalf of any person subject to Russia sanctions or their immediate family members. The President has not added any Russian or other foreign persons to the SDN list since the passage of CRIIEA.

### **Discretionary Sanctions**

- *Russian energy-export pipelines.* Section 232 establishes new secondary sanctions relating to Russian energy-export pipelines. Specifically, section 232 grants the President permission—but does not require him—to impose various export and financial sanctions on any person who provides assistance for the building, maintenance, or expansion of energy pipelines by the Russian Federation. Sanctionable assistance is broadly defined to include any investment that "directly and significantly contributes to the enhancement

of the ability of the Russian Federation to construct energy export pipelines,” as well as the supply of any goods, services, technology, information, or support that could “directly and significantly facilitate the maintenance or expansion of the construction, modernization, or repair of energy pipelines.” The monetary threshold for sanctionable assistance is USD 1 million per transaction or an aggregate fair market value of USD 5 million over a twelve-month period. To date, the President has not exercised his discretion under this section.

## Other Provisions

- *Cyber activity*—new mandatory blocking sanctions on any person the President determines to be “knowingly engage[d] in significant activities undermining cybersecurity against any person, including a democratic institution, or government, on behalf of the Government of the Russian Federation.”
- *Privatization of state-owned assets*—new mandatory sanctions against any person the President determines to have knowingly made an investment of \$10 million or more, or facilitates such investment, if the investment directly and significantly contributes to the ability of the Russian Federation to privatize state-owned assets in a manner that unjustly benefits government officials or their family members.
- *Defense and intelligence sectors*—new mandatory sanctions against any person the President determines knowingly “engages in a significant transaction with a person that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation.”
- New mandatory sanctions against corrupt actors, sanctions-evaders, and human rights abusers.

Despite receiving broad political support in the US, the measure prompted a backlash from some European states, especially in regard to its apparent targeting of the Nord Stream 2 project (the offshore natural gas pipeline that would double energy exports from Russia to Germany, expected to begin construction next year), which critics considered an attempt to promote US liquefied natural gas exports. Austria and Germany have been especially critical of the measure, with Germany’s economic minister quoted as recommending the EU to pursue “countermeasures” should the US decide to impose discretionary sanctions on EU firms investing in the gas pipeline project. Apparently in response to EU lobbying, the US Congress revised the bill’s language to say that the President may, “in coordination with allies of the United States,” impose the energy-pipeline sanctions. It is unclear what, if any, legal restriction this language would actually impose on the President’s discretion, but it indicates that the Congress, and presumably the President, are well aware of the contentious nature of this particular sanctions target.

## Trump Administration Slow to Implement CRIIEA Provisions

Two months after signing the Act, some members of Congress are worried that the President is being too slow to begin enforcing many of its provisions. On September 29, Senators John McCain and Ben Cardin expressed their concern in a letter to the President reminding the Administration that “critical deadlines are approaching” relating to various aspects of implementing and enforcing the law. Later that day, the White House issued a presidential memorandum purporting to take the first step toward implementation by designating different agencies to start the process putting the law into effect. Also on September 29, the Treasury Department modified Directives 1 and 2 of the Russia sectoral sanctions (meeting the required October 1 deadline).

The chart below indicates various effective dates and deadlines related to the new sanctions. As noted, the Administration has yet to issue guidance on individuals linked to Russian defense and intelligence operations, which it is required to provide by October 1. The President has also not yet imposed any restrictive measures under the Act’s purportedly “mandatory” sanctions provisions described above, many of which have been effective since August 2.

Provision	Implementation Requirement	Deadline	Current Implementation Status
Sec. 223	Authorizes, but does not require, the Treasury Department to expand sectoral sanctions on Russian state-owned railway, metals, and mining sectors.	No deadline	Not implemented.
Sec. 223	Requires the modification of Directives 1 and 2 to reflect restricted maturity periods for new debt.	October 1, 2017	Directives 1 & 2 were modified on September 29, 2017.
Sec. 223	Expand Directive 4's prohibitions to apply to oil-exploration projects <i>anywhere in the world</i> where designated Russian companies own a <i>33% or greater share</i> .	October 31, 2017	Not yet implemented.
Sec. 224	Requires the president to block the assets of any persons who the President determines knowingly engages in, or supports, activities undermining the cybersecurity against any person on behalf of the Government of the Russian Federation.	Effective October 1, 2017	No restrictive measures imposed.
Sec. 225	Requires the President to impose restrictive measures on non-US persons who knowingly make "a significant investment in a special Russian crude oil project."	Effective September 1, 2017	No restrictive measures imposed.
Sec. 226	Requires the President to impose restrictive measures on foreign financial institutions that knowingly engage in significant financial transactions either (1) on behalf of Russian persons designated as SDNs or other sanctioned persons; or (2) in connection with significant investments in Russian deepwater, Arctic offshore, or shale oil projects.	For type (1) transactions, effective date is August 2, 2017 For type (2) transactions, effective date is September 1, 2017	No restrictive measures imposed.
Sec. 228	Requires the President to impose restrictive measures on sanctions "evaders," meaning any foreign person who the President determines (1) materially violates, attempts to violate, conspires to violate, or causes a violation of any Russia sanctions provision; or (2) facilitates a significant transaction or transactions for or on behalf of any person subject to Russia sanctions or their immediate family members.	Effective August 2, 2017	No restrictive measures imposed.
Sec. 231	Requires the President to impose 5 or more measures from a menu of sanctions if the President determines that a person "engages in a significant transaction that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation."	Effective January 29, 2018	No restrictive measures imposed.
Sec. 231	Requires President to issue regulations defining those persons considered to	October 1, 2017	<b>No Guidance</b>

Provision	Implementation Requirement	Deadline	Current Implementation Status
	operate in the defense or intelligence sectors of the Government of the Russian Federation.		<b>Issued</b>
Sec. 232	Grants the President permission—but does not require him—to impose various export and financial sanctions on any person who provides assistance for the construction, maintenance, or expansion of energy pipelines by the Russian Federation.	Effective August 2, 2017.	No restrictive measures imposed.
Sec. 233	Requires the president to impose restrictive measures on a person the President determines has made an investment of \$10,000,000 or more that directly and significantly contributes to the ability of the Russian Federation to privatize state-owned assets in a manner that unjustly benefits government officials or their close associates or family members.	Effective August 2, 2017	No restrictive measures imposed.





As noted above, the Countering America's Adversaries Through Sanctions Act also provides for new sanctions targeting Iran's ballistic missile program, alleged ties to regional terrorism, and purported human rights abuses. Specifically, the Act (1) imposes secondary sanctions on any person (including non-US persons) who knowingly contributes to Iran's ballistic missile program; (2) places the Iranian Revolutionary Guard Corps (IRGC) on the SDN list; (3) grants the President authority to impose sanctions on any person who violates the human rights of people exposing illegal activity or advocating for human rights; and (4) imposes secondary sanctions on persons contributing to the supply, sale, or transfer of major weapon systems to Iran. This measure is seen as largely symbolic, considering it does

not touch on any new major economic sectors and largely overlaps with existing restrictions. For example, the IRGC is already on the SDN list, and the authority to designate violators of human rights already exists. Still, the bill is significant as a political statement and may portend additional roadblocks for US firms waiting to do business in the country.

## **Future of Continued US Participation in JCPOA Remains Uncertain**

Despite months of harsh campaign rhetoric against the 2015 Joint Comprehensive Plan of Action (JCPOA) brokered by the Obama Administration with Iran, the Trump Administration has so far stood by the terms of the nuclear agreement. Twice during this quarter, the Trump Administration has re-certified to Congress that it would maintain, for now, the program of sanctions relief imposed by the JCPOA, as Iran appears to be abiding by its obligations under the agreement. Nonetheless, the Administration has continued to increase non-nuclear-related sanctions against Iran, and political sentiment in both countries casts doubt on the future viability of the US's participation the JCPOA. For example, on August 13, Iran's parliament backed a bill to increase spending on its ballistic missile program and impose sanctions on US officials for alleged ties to terrorism, pushing back against the new US legislative sanctions. In September, President Trump told reporters that Iran was "violating the spirit" of the JCPOA through its support of the Assad regime and its expansion of its missile program, and signaled he may refuse to re-certify Iran's compliance in the next report to Congress on October 15. If President Trump does not re-certify Iran's compliance, Congress has 60 days to decide whether to re-impose sanctions suspended under the accord.

Despite this uncertainty, investment in Iran is continuing to increase since the announcement of the JCPOA. For example, in July, France's Total SA announced plans for a \$1 billion investment in an Iranian gas field project, expected to involve China National Petroleum

Corporation. On September 19, Quercus (a UK-based renewable energy firm) announced an investment of £600 million in an Iranian solar plant.

## Iran-Related Designations

Despite officially renewing sanctions relief under the JCPOA, the Trump Administration has continued to expand non-nuclear related sanctions, targeting specific individuals and entities for supporting the country's ballistic missile testing program, or for playing a role in regional unrest more generally.

On July 18, the US Treasury Department announced the imposition of blocking sanctions against eighteen individuals and entities under two pre-existing executive orders: E.O. 13382 (targeting proliferators of weapons of mass destruction and delivery systems) and E.O. 13581 (targeting transnational criminal organizations). Specifically, US authorities designated:

- Twelve entities and individuals for alleged support of Iran's military or Islamic Revolutionary Guard Corps ("IRGC"):
  - **Rayan Roshd Afzar Company** was designated for providing, or attempting to provide, support for the IRGC by producing technical components for a drone program and seeking to repair IRGC military equipment. Three individuals—**Mohsen Parsajam**, **Seyyed Reza Ghasemi**, and **Farshad Hakemzadeh**—were designated for their involvement with Roshd.
  - **Qeshm Madkandaloo Shipbuilding Cooperation Co.** was designated for providing, or attempting to provide, support for the IRGC by supplying dockside equipment and providing maintenance services. **Ramor Group**, a Turkey-based marine equipment distribution company, was designated for selling US-origin goods to Madkandaloo. The owner of Ramor Group, Turkish national **Resit Tavan**, was also designated.
  - **Emily Liu**, a China-based procurement agent, was designated for providing, or attempting to provide, support for Shiraz Electronics Industries by procuring electronic components from the US, Canada, and Europe. Shiraz Electronics Industries was itself previously designated for producing electronics equipment for the Iranian military. Four China-based entities, **Abascience Tech Co. Ltd.**, **Raybeam Optronics Co. Ltd.**, **Raytronic Corporation Ltd.**, and **Sunway Tech Co. Ltd.**, were designated for providing, or attempting to provide, support for Liu's proliferation activities.
  - Two entities for alleged support of Iran's ballistic missile program: the **IRGC Aerospace Force Self Sufficiency Jihad Organization** and the **IRGC Research and Self Sufficiency Jihad Organization**.
  - Four entities and individuals for allegedly engaging in trans-national criminal activity related to cyber-theft: **Ajily Software Procurement Group** was designated for allegedly using hackers to steal engineering software programs from the US and other western countries and selling the software to Iranian military and government entities. **Mohammed Saeed Ajily**, an Iranian national, was designated for directing hackers to steal specific software programs. **Mohammed Reza Rezakhah**, an Iranian computer hacker, was designated for stealing software at the direction of Ajily. **Andisheh Vesal Middle East Co.**, an Iran-based company, was designated for marketing and selling Ajily Software's stolen technology.

On July 28, OFAC announced additional sanctions against six Iran-based subordinates of Shahid Hemmat Industrial Group (SHIG), "an entity central to Iran's ballistic missile program," in response to Iran's launch of the Simorgh space launch vehicle. Specifically, **Shahid Karimi Industries**, **Shahid Rastegar Industries**, **Shahid Cheraghi Industries**, **Shahid Varamini Industries**, **Shahid Kalhor Industries**, and **Amir Al Mo'Menin Industries** were designated as SDNs pursuant to the global counter-proliferation Executive Order (E.O.) 13382. SHIG had previously been designated by the US Treasury Department and is also currently sanctioned by the EU and UN. Each of the six SHIG subordinates designated on July 28 is also alleged to play a role in the development of Iran's ballistic missile program.

On September 14, OFAC designated 11 entities and individuals for their alleged support of previously-designated Iranian actors, or for malicious cyber-enabled activity. The targets

were comprised of Iran and Ukraine-based entities, and were designated pursuant to three different executive orders:

- **Sadid Caran Saba Engineering Company (SABA)** (Iran)—OFAC designated SABA pursuant to E.O. 13382, which targets proliferators of weapons of mass destruction and their means of delivery and their supporters. SABA is alleged to have provided goods and services in support of Iran's Islamic Revolution Guard Corps (IRGC), an entity previously designated for its efforts to proliferate ballistic missiles. Since 2014, SABA is alleged to have procured and installed numerous, multi-ton explosion-proof crane systems for the IRGC Research and Self-Sufficiency Jihad Organization (RSSJO).
- **Khors Aircompany and Dart Airlines** (Ukraine)—OFAC designated the two Ukraine-based airlines pursuant to E.O. 13224, which targets terrorists and those providing support to terrorists and acts of terrorism. Both Khors Aircompany and Dart Airlines are alleged to have helped Iran's Caspian Air and Iraq's Al-Naser Airlines (entities previously designated by OFAC for their support of IRGC) procure US-origin aircraft, as well as crew and services.
- **ITSec Team, Mersad Co.**, and Associated Individuals (Iran)—OFAC designated private Iranian computer security company **ITSec Team** pursuant to E.O. 13694, which targets persons engaging in significant malicious cyber-enabled activities. Between 2011 and 2012, ITSec Team is believed to have implemented distributed denial of service (DDoS) attacks against nine US financial institutions, allegedly on behalf of the Iranian Government. OFAC further designated three Iranian nationals for acting on behalf of the ITSec Team: **Ahmad Fathi**, **Amin Shokohi**, and **Hamid Firoozi**.
- Similarly, OFAC designated private Iranian computer security company **Mersad Co.**, believed to have targeted 24 US financial institutions with DDoS attacks from 2012 to 2013. Four associated individuals, all Iranian nationals, were also sanctioned for their role in the cyberattacks: **Sadegh Ahmadzadegan**, **Sina Keissar**, **Omid Ghaffarinia**, and **Nader Saedi**.

# North Korea



On May 5, the House of This quarter also saw a significant ratcheting-up of sanctions against North Korea in response to its continued testing of ballistic missiles and nuclear weapons. New sanctions were imposed from various sources, including the US Congress, the Trump Administration, and the U.N. Additionally, OFAC continued to designate individuals and entities as SDNs under existing sanctions programs.

As noted above, on August 2, President Trump signed the Countering America's Adversaries Through Sanctions Act, which provided for new sanctions targeting North Korea. Among other steps, the act (1) prohibits the exportation of precious metals, aviation fuel, and other goods to North Korea; (2) imposes sanctions targeting the North Korean shipping industry; and (3) authorizes sanctions against persons who employ certain North Korean laborers.

On August 5, the UN Security Council unanimously approved Resolution 2371, which places restrictions on North Korea's exports of coal, iron, lead, and seafood. The sanctions also punish some of North Korea's largest companies, including the state-owned Foreign Trade Bank (FTB), and cap the number of its citizens working in other countries at current levels. Notably, the measure stopped short of a ban on oil imports and air travel. The UN adopted further sanctions on September 11, following North Korea's sixth and largest nuclear test. Resolution 2375, among other measures, reduces and caps oil exports to North Korea, bans the export of natural gas condensates and liquids into the country, and prohibits the purchase of North Korean textile goods. The measure further aims to end additional overseas laborer contracts, suppress smuggling efforts, and stop joint ventures with other nations. In late September, China—North Korea's largest trading partner—affirmed it would ban exports of some petroleum products to North Korea, as well as imports of textiles from the isolated country. China also indicated it would reduce crude oil exports, in line with the UN resolution.

## **Executive Order 13810—New Sanctions Target Banking and Commerce**

On September 21, 2017, President Trump issued Executive Order, E.O. 13810, which authorizes broad new sanctions against key sectors of North Korea's economy, persons trading with North Korea, aircraft and vessels that have traveled to North Korea, and funds of North Korean persons. Most notably, E.O. 13810 also authorizes OFAC to impose so-called secondary sanctions on foreign financial institutions that engage in "significant" transactions involving trade with North Korea. Depending on how aggressively these authorizations are enforced, the new measures could have a significant impact on individuals or entities in

China and elsewhere conducting business with the country. Treasury Secretary Steven Mnuchin stated as much in a press conference following the announcement of the new executive order: “Foreign financial institutions are now on notice that, going forward, they can choose to do business with the United States or with North Korea, but not with both.” Significantly, the blocking provisions in the Executive Order are not self-executing, but will require an affirmative designation by the Treasury Department. Key provisions include:

- *Economy and Trade-related Restrictions*—Section 1(a) blocks all property and interests in property of persons that the US Secretary of the Treasury determines, among other things, operate in the construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation industries in North Korea, or have engaged in at least one significant importation from or exportation to North Korea of any goods, services, or technology.
- *Transport & Travel*—the executive order authorizes the designation of any person that owns, controls, or operates a port in North Korea, and additionally denies entry to US ports and airports of any vessel or aircraft that had departed from North Korea within the previous 180 days. General License 10, issued by OFAC concurrently with E.O. 13810, authorizes aircraft and vessels subject to these restrictions to enter the United States in emergency situations. Separate from the order, on September 24, 2017, President Trump announced the suspension of entry into the United States of nationals of North Korea as immigrants or nonimmigrants, effective October 18, 2017.
- *Sanctions Against North Korean Persons*—Section 3 blocks funds that originate from, are destined for, or pass through a foreign bank account that the US Secretary of the Treasury has determined is owned or controlled by a North Korean person or has been used to transfer funds in which a North Korean person has an interest. US persons are prohibited from approving, financing, facilitating, or guaranteeing a transaction by a foreign person on behalf of a person determined by the Treasury Department to be a North Korean person. The order thus explicitly allows for the imposition of blocking sanctions against any North Korean person, even if they have no connection to the North Korean government or military, and even if they do not otherwise engage in any sanctionable activity.
- *Foreign Financial Institutions*—Section 4 authorizes OFAC, in consultation with the State Department, to impose “secondary” sanctions against foreign financial institutions determined to have knowingly conducted or facilitated any “significant transaction” in connection with trade with North Korea, or on behalf of any person whose property and interests in property have been blocked in connection with North Korea-related activities. The Order allows the Treasury Secretary to prohibit such institutions from opening and maintaining correspondent accounts in the United States, effectively denying their access to US credit markets. Moreover, the Treasury Secretary may freeze the assets of non-compliant financial institutions that are subject to US jurisdiction.

On September 26, 2017, OFAC took its first actions under E.O. 13810 by designating eight North Korean banks and 27 representatives of North Korea banks for operating in the financial services industry in the North Korean economy. The designated banks include **Agricultural Development Bank; Cheil Credit Bank; Hana Banking Corporation Ltd; International Industrial Development Bank; Jinmyong Joint Bank; Jinsong Joint Bank; Koryo Commercial Bank Ltd; and Ryugyong Commercial Bank**. The individuals sanctioned are North Korean nationals operating in China, Russia, Libya, and the United Arab Emirates, and are listed on [OFAC's Recent Actions website](#).

### **Other North Korea-related Designations:**

On June 1, OFAC designated three individuals and six entities in response to North Korea's development of weapons of mass destruction. Pursuant to E.O. 13382, E.O. 13687, and E.O. 13722, the sanctions targeted North Korea's military, nuclear, and weapons of mass destruction programs, its revenue from labor, coal, and minerals, and its overseas financial operations.

Three of the entities identified were the **State Affairs Commission**, the **Korean People's Army (KPA)**, and the **Ministry of People's Armed Forces**. The State Department updated the alias for two previously designated entities, changing Korea Tangun Trading Corporation to **Korea Kuryonggang Trading Corporation**, and Namchongang Trading Corporation to

**Korea Taeryonggang Corporation.** OFAC also designated Moscow-based **Ardis-Bearings LLC** and its director, **Igor Aleksandrovich**, for supporting North Korea's missile program by providing supplies to Tangun. **Kim Su-Kwang**, a North Korean intelligence official, was also designated for operating undercover at a UN organization in Europe.

The **Korea Computer Center** was designated for generating revenue for North Korea's Munitions Industry Department, which oversees ballistic missiles, through software development and programming. Three North Korean businesses—**Independent Petroleum Company (IPC)**, **Songi Trading Company**, and the **Korea Zinc Industrial Group**—were designated for providing labor, coal, petroleum, and mineral revenue for North Korea. **Ri Song-hyok**, a Beijing-based banker, was designated for establishing several front companies to procure items and conduct financial transactions for North Korea.

On June 29, OFAC designated two Chinese nationals, **Sun Wei** and **Li Hong Ri**, and one entity, **Dalian Global Unity Shipping**, for providing assistance to North Korea's nuclear and missile programs. At the same time, the Treasury Department also accused a Chinese bank, **Bank of Dandong**, of laundering money for North Korea. Treasury Secretary Steven Mnuchin remarked that the Bank of Dandong has "served as a gateway for North Korea to access the US and international financial systems" and facilitated "millions of dollars of transactions for companies involved in North Korea's nuclear and ballistic missile programs."

On August 22, OFAC announced the imposition of blocking sanctions against ten entities and six individuals for their alleged support North Korea's nuclear and ballistic missile programs and other prohibited transactions. The Treasury Department stated that the action complemented UNSC Resolution 2371, and remarked that "It is unacceptable for individuals and companies in China, Russia, and elsewhere to enable North Korea to generate income used to develop weapons of mass destruction and destabilize the region."

The designations were made pursuant to E.O. 13382, which targets WMD proliferators and their supporters, and E.O. 13722, which targets, in part, North Korea's revenue from coal, as well as its energy and financial services industries. The following entities and individuals are prohibited from dealing with US persons, and all property interests subject to US jurisdiction are blocked.

- *North Korea's Weapons of Mass Destruction Programs*
  - **Dandong Rich Earth Trading Co., Ltd.** (China)—designated for alleged support of Korea Kumsan Trading Corporation (an entity OFAC had previously designated for its ties to North Korea's nuclear program). Specifically, Dandong Rich Earth Trading Co., Ltd. allegedly purchased vanadium ore from Korea Kumsan Trading Corporation. OFAC noted that UNSCR 2270 prohibits North Korea's exports of vanadium ore, and requires member states like China to prohibit the procurement of vanadium ore from North Korea.
  - **Gefest-M LLC** (Russia) and its director, Russian national **Ruben Kirakosyan**—both also designated for procuring metals from Korea Tangun Trading Corporation.
  - **Mingzheng International Trading Limited** (China & Hong Kong)—designated as an alleged front company providing US-dollar transaction on behalf of Foreign Trade Bank ("FTB"), North Korea's primary foreign exchange bank, which was itself previously designated by the US (in 2013) and the UN (on August 5, 2017).
- *Coal & Oil Trade*
  - **Dandong Zhicheng Metallic Materials Co., Ltd.** ("Zhicheng") (China), **JinHou International Holding Co., Ltd.** (China), and **Dandong Tianfu Trade Co., Ltd.** (China)—OFAC designated all three Chinese coal companies for purchasing "nearly half a billion dollars' worth of North Korean coal" between 2013 and 2016, which proceeds may have benefitted the country's nuclear program. OFAC noted that Zhicheng in particular has worked with a number of US-designated entities, including the Koryo Credit Development Bank and Korea Ocean Shipping Agency, and Zhicheng allegedly used proceeds received from the end users of North Korean coal to purchase other items for North Korea, including nuclear and missile components. OFAC further designated Zhicheng's director and majority owner, Chi Yupeng, for allegedly using a network of companies to engage in bulk purchases, wire transfers,

and other transactions on behalf of North Korean interests that may have indirectly supported North Korea's nuclear program.

- **Transatlantic Partners Pte. Ltd.** (Singapore), **Mikhail Pisklin** (Russia), and **Andrey Serbin** (Russia)—designated for operating in the energy industry in the North Korean economy. Pisklin, through Transatlantic, allegedly entered a contract to purchase fuel oil with Daesong Credit Development Bank, a North Korean bank previously designated in 2016. Serbin is a representative of Transatlantic who worked with Irina Huish (Russia) of Velmur Management Pte. Ltd. (Singapore) to purchase gasoil for delivery to North Korea. Both Huish and Velmur were also designated. OFAC noted that both Singaporean entities attempted to use the US financial system to send over \$11 million in payments on behalf of North Korea-related transactions.
- *Overseas Labor Revenue*
  - **Mansudae Overseas Projects Architectural and Technical Services (Proprietary) Limited**—designated for being owned by another entity—Mansudae Overseas Projects Group of Companies—that was previously designated by the US (in 2016) and the UN (on August 5, 2017) for facilitating the exportation of workers from North Korea. In particular, the company is known to have used workers to build statues abroad to raise revenue, a practice prohibited by UNSCR 2321, which led to its designation by the UN through UNSCR 2371. Some of the revenue generated by overseas laborers was allegedly used by the UN- and US-designated Munitions Industry Department, which is responsible for overseeing North Korea's ballistic missiles program.
  - **Qingdao Construction (Namibia) CC**—this Namibia-based subsidiary of a Chinese company was designated for allegedly supporting the two Mansudae entities described above when it undertook four Namibian government-sponsored construction projects that utilized Mansudae employees and materials.
  - **Kim Tong-Chol** (North Korea) was likewise designated for alleged support of the Mansudae entities and for Qingdao. Specifically, Tong-Chol allegedly entered into an agreement with Qingdao wherein Qingdao would take over four Namibian government-sponsored construction projects, as well as Mansudae employees and materials associated with the projects.

# Sudan



On October 6, the Treasury Department announced the permanent lifting of trade sanctions against Sudan. In January 2017, President Obama had signed an Executive Order promising such sanctions relief on the condition that the Government of Sudan demonstrated continued progress relating to counterterrorism and assuaging regional hostilities. After extending the deadline for a final determination earlier this summer, the Trump Administration ultimately concluded that Sudan has demonstrated “sustained positive actions” in the areas of internal conflict, humanitarian relief, counterterrorism, and promoting regional stability.

The order, effective October 12, revokes Sections 1 and 2 of Executive Order 13067 (dating from November 3, 1997) and the entirety of Executive Order 13412 (dating from October 13,

2006). Together, these executive orders had imposed a range of restrictive measures against Sudan that included a trade embargo and blocking of Sudanese Government assets. In addition to un-freezing Sudanese-Government assets, the order broadly authorizes US persons to engage in trade and other business dealings with Sudan.

OFAC announced it expects to soon officially remove the Sudanese SSR from the Code of Federal Regulations. Simultaneous with the sanctions revocation, OFAC also issued General License 1A, permitting the export and reexport to Sudan of agricultural commodities, medicine, and medical devices exports and reexports of agricultural commodities, medicine, or medical devices. OFAC further announced that the measure “will not affect past, present, or future OFAC enforcement investigations or actions associated with any apparent violations of the SSR relating to activities” occurring prior to October 12.

Notably, the order does not remove Sudan from the list of state sponsors of terrorism. As a result, the country is still subject to restrictions on US foreign assistance, a ban on defense exports and sales, and certain controls over exports of dual use items. Moreover, US persons continue to be prohibited from dealing with individuals and entities whose property and interests in property are blocked pursuant to the separate, more targeted US sanctions regimes relating to Darfur and South Sudan.



# South Sudan



On September 6, OFAC designated two South Sudanese government officials and one former official for their roles in undermining peace, security, and stability of the country. OFAC also sanctioned three companies that are owned or controlled by one of the officials. Specifically, pursuant to Executive Order 13664 (authorizing sanctions against persons who threaten the peace, security, or stability of South Sudan), OFAC designated **Malek Reuben Riak Rengu**, **Michael Makuei Lueth**, and **Paul Malong Awan**, as well as three South Sudanese companies owned by Malek Reuben: **All Energy Investments Ltd**, **A+ Engineering, Electronics & Media Printing Co. Ltd**, and **MakInternational Services Co Ltd**.

Malek Reuben, the Deputy Chief of Defense Force and Inspector General of the Sudan People's Liberation

Army (SPLA), allegedly played a key role in procuring weapons between 2013 and 2016 which contributed to the widespread destruction, targeting of civilians, and human rights abuses within Unity State, bordering Sudan. He is further alleged to have used his personally-owned companies to sell weapons in South Sudan.

Michael Makuei Lueth, the South Sudanese Minister of Information and Broadcasting, was designated for his alleged role in fomenting attacks against U.N. missions, obstructing international peacekeeping efforts, and undermining peace talks in the country. Among other things, OFAC alleged that Makuei was involved in planning and coordinating an April 17, 2014 attack on the UN compound in the Jonglei State capital of Bor, which killed three UN guards and 140 civilians.

Paul Malong Awan, the former South Sudanese Chief of General Staff of the SPLA, was designated for his alleged role in exacerbating the civil conflict, particularly by issuing an order in 2013 for his SPLA troops to disarm and later attack Nuer soldiers. Malong is further alleged to have undermined peacekeeping efforts and orchestrated a 2016 assassination attempt on then-First-Vice President Machar.

# Venezuela



This quarter, the US imposed, for the first time, broad financial sanctions against Venezuela in response to its establishment of a Constituent Assembly, which President Trump called “illegitimate” and described as “usurp[ing] the power of the democratically elected National Assembly.” The Administration also continued its approach of designating as SDNs high-ranking officials in the Venezuelan Government.

## Executive Order 13808

On August 24, President Trump issued an executive order generally prohibiting US persons from dealing in new debt issued by the Government of Venezuela or by *Petróleos de Venezuela, S.A. (“PdVSA”)*, with an exception made for certain short-term financing. It also restricts US entities owned by the Venezuelan Government (including *Citgo Petroleum Corporation*) from repatriating earnings or dividends to

Venezuela, and prohibits US persons from trading in certain pre-existing Venezuela Government bonds.

Importantly, the prohibitions contained in E.O. 13808 apply only to US persons and do not threaten penalties against non-US persons doing business with Venezuela (i.e., they are not secondary sanctions). The new sanctions contain five categories of prohibitions:

- *New debt of PdVSA*—prohibits US persons from participating in transactions related to, providing financing for, or otherwise dealing in new debt with a maturity of greater than 90 days of PdVSA.
- *New debt or equity of the Government of Venezuela*—prohibits US persons from participating in transactions related to, providing financing for, or otherwise dealing in new debt with a maturity of greater than 30 days, or new equity, of the Government of Venezuela.
- *Certain Pre-existing bonds issued by the Government of Venezuela*—prohibits US persons from dealing in “bonds issued by the Government of Venezuela prior to the effective date of this order.” (However, as explained further below, the White House simultaneously issued General License 3, which exempts from this prohibition a near-exhaustive list of existing Venezuela-related bonds.)
- *Distribution of profits or dividends to Government of Venezuela*—prohibits US persons from assisting in “dividend payments or other distributions of profits to the Government of Venezuela from any entity owned or controlled, directly or indirectly, by the Government

of Venezuela.” Although not explicit, the most obvious objective of this provision is to prohibit Citgo Petroleum Corporation from repatriating earnings or dividends to PdVSA or the Venezuelan Government.

- *Securities*—US persons are prohibited from purchasing, directly or indirectly, “securities from the Government of Venezuela” (other than Citgo Holding, Inc.).

Simultaneous with the announcement of the new sanctions, the White House issued four general licenses, which provide certain carve-outs from the prohibitions described above:

- *General License 1*—provides for a 30-day wind-down period (through September 24).
- *General License 2*—provides an exemption for dealing in new debt and equity of Citgo and its subsidiaries. US persons are likewise permitted to purchase securities from Citgo.
- *General License 3*—provides a list of pre-existing Venezuela-related bonds that are exempted from the prohibition described in point (iii), above. This license also explicitly permits trading in pre-existing bonds issued by Citgo. (The list of exempted bonds can be found at [https://www.treasury.gov/resource-center/sanctions/Programs/Pages/ven\\_gl.aspx](https://www.treasury.gov/resource-center/sanctions/Programs/Pages/ven_gl.aspx).)
- *General License 4*—authorizes all transactions related to the provision of agricultural and medical products.

### Additional Guidance

On Sept. 1, 2017, OFAC released two new FAQs which provide further guidance concerning General License 3 (related to Venezuelan-issued bonds). OFAC clarified that General License 3 authorizes transactions related to bonds issued prior to Aug. 25, 2017 that were issued by US-person entities owned or controlled, directly or indirectly, by the Government of Venezuela, regardless of whether such bonds were included on the Annex. Furthermore, OFAC confirmed that the Venezuela Government International Bond issued on December 29, 2016 (ISIN USP97475AQ39, CUSIP AM1108092), which is solely held by the Government of Venezuela, was intentionally excluded from the Annex. Lastly, OFAC confirmed that General License 3 authorizes US persons to engage in derivative transactions, including credit default swaps, involving the exempted Venezuela-related bonds.

On October 3, OFAC issued further guidance on prohibition (iv), above, which restrict US persons from assisting in the repatriation of profits or dividends of Venezuela Government-owned subsidiaries, including Citgo. Specifically, OFAC explained that “profit” is net income after taxes. For a business, this is generally total sales minus total costs and expenses. Normal course transactions involving the Government of Venezuela or PdVSA related to payments for goods and services, taxes, or royalties are not considered “profit.” Furthermore, interest payments related to bonds or promissory notes are likewise not considered to be “profit” (although such payments may be prohibited by other provisions of the executive order).

### Venezuela Designations

Prior to the announcement of the new financial sanctions, OFAC continued its approach of designating individuals under a previous executive order, E.O. 13962 (which authorizes sanctions against persons undermining the democratic process in Venezuela). On July 31, OFAC designated **President Nicolas Maduro** as an SDN, thereby blocking his property subject to US jurisdiction and generally prohibiting US persons from any dealings with him. These sanctions came one day after the Maduro government held elections for the National Constituent Assembly, which the US views as an undemocratic means to re-write the country’s constitution for the purpose of securing power for the Maduro regime.

On August 8, OFAC designated eight Venezuelan nationals as SDNs for their alleged involvement in organizing and supporting the creation of Venezuela’s new Constituent Assembly. The eight designated individuals include: **Francisco Jose Ameliach Orta, Adan Coromoto Chavez Frias, Erika del Valle Farias Pena, Carmen Teresa Melendez Rivas, Ramon Dario Vivas Velasco, Hermann Eduardo Escarra Malave, Tania D’Amelio Cardiet, and Bladimir Humberto Lugo Armas.**

# Enforcement Actions



On July 20, OFAC announced the imposition of a \$2 million penalty against **ExxonMobil Corp.** of Irving, Texas, including its US subsidiaries ExxonMobil Development Co. and ExxonMobil Oil Corp. (collectively, "**ExxonMobil**"), for violations of the Ukraine-Related Sanctions Regulations (31 C.F.R. part 589). Specifically, OFAC alleges that ExxonMobil violated the regulations during May 2014 when presidents of its subsidiaries signed eight legal documents related to oil and gas projects in Russia with Igor Sechin (the President of Rosneft OAO), who had been designated as an SDN in late April 2014. Notably, the relevant conduct occurred when the current US Secretary of State Rex Tillerson was CEO of ExxonMobil.

In response, ExxonMobil filed a lawsuit against the Treasury Department challenging OFAC's decision and calling the fine "fundamentally unfair."

According to court documents, ExxonMobil argues that, because the contracted projects with Rosneft OAO were not themselves prohibited, it proceeded on the good-faith belief that it was not precluded from dealing with Sechin in his professional capacity as the representative for Rosneft. In response, OFAC asserted that neither the executive order (E.O. 13661) nor its implementing regulations contain a "personal" versus "professional" distinction, and that OFAC has never endorsed such a distinction. The case is *Exxon Mobil Corporation et al. v. Mnuchin et al.*, No. 3:17-cv-01930, in the US District Court for the Northern District of Texas.

On July 27, OFAC reached a settlement with **CSE TransTel Pte. Ltd.** ("**TransTel**"), a subsidiary of the international technology group CSE Global Limited, both of which are located in Singapore. TransTel agreed to pay \$12,027,066 to settle potential liability for apparent violations of the Iranian Transactions and Sanctions Regulations, (31 C.F.R. § 560). Specifically, from June 4, 2012 until about March 27, 2013, TransTel allegedly caused at least six separate financial institutions to engage in the unauthorized exportation or re-exportation of financial services from the United States to Iran, by originating 104 US-Dollar wire transfers involving Iran and totaling more than \$11,000,000 through the United States. The transfers were allegedly made to multiple third-party vendors (including several Iranian parties) that supplied goods or services related to TransTel telecommunications contracts for several energy projects in Iran. OFAC noted that none of the transactions contained references to Iranian parties or projects, and the violations were not voluntarily self-disclosed.

On August 10, **IPSA International Services, Inc. (US)** reached an agreement with OFAC to settle its potential civil liability for 72 apparent violations of the Iranian Transactions and Sanctions Regulations (ITSR). IPSA is a risk mitigation firm providing due diligence services for the "citizenship by investment" programs of various countries. In 2012, IPSA advised two

countries with respect to their programs, each of which involved a number of Iranian applicants. IPSA, through its non-US subsidiaries, hired local subcontractors to perform due diligence on the applicants in Iran. OFAC's theory appears to be that IPSA improperly imported Iranian services to the US because its foreign subsidiaries conducted the Iranian due diligence on behalf of and for the benefit of IPSA, and IPSA "reviewed, approved, and initiated" the subsidiaries' payments to the Iranian subcontractors. IPSA will pay \$259,200 to settle the potential violations, which approximates the total value of the transactions.

On August 17, OFAC announced a settlement with **Blue Sky Blue Sea, Inc. (US)**, doing business as **American Export Lines and International Shipping Company (USA)** (collectively, "AEL"). AEL agreed to pay \$518,063 to settle potential liability for 140 apparent violations of the ITSR. Allegedly, from 2010 to 2012, AEL transshipped used and junked cars and car parts from the US to Afghanistan via Iran. OFAC noted that the company's president and co-owner knew and approved of the transshipments through Iran, but that the shipped material did not have an end-use in Iran.

On August 24, OFAC announced a \$415,350 settlement with **COSL Singapore Ltd**, an oilfield services company located in Singapore and a subsidiary of China Oilfield Service Limited. The payment settles COSL Singapore's potential civil liability for 55 apparent violations of the ITSR. Between 2011 and 2013, the company allegedly procured from Singapore at least 55 orders of various supplies from US vendors for use in four of its oil rigs located and operating in Iranian territorial waters. OFAC noted that some of the US vendors' quotations to COSL Singapore included clear prohibitions on re-exporting the supplies in violation of US sanctions, explicitly including Iran. The action is notable because Singapore neither is a US person nor owned or controlled by a US person; rather OFAC asserted that COSL Singapore violated the ITSR by causing its US-based vendors to violate the ITSR.

On September 26, **Richemont North America, Inc.**, d.b.a. Cartier ("Richemont") reached an agreement with OFAC to pay \$334,800 to settle its potential liability for four apparent violations of the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. Part 598. OFAC alleged that Richemont violated the regulations between 2010 and 2011 when it exported four shipments of jewelry to Shuen Wai Holding Limited (Hong Kong), an SDN entity previously designated by OFAC for its narcotics trafficking activity. Although Shuen Wai was not the direct purchaser of the shipments, the individual customer provided Shuen Wai's name and mailing address as the ship-to party. OFAC noted that Richemont is a commercially sophisticated entity operating in an industry at high risk for money-laundering, and that the company did not self-disclose the apparent violations. Nonetheless, Richemont received a reduced penalty because it had not received a penalty from OFAC in the preceding five years, it cooperated with OFAC's investigation, and it has since adopted remedial measures.

On October 5, OFAC announced that **BD White Birch Investment LLC** ("White Birch USA") will pay \$372,465 to settle potential liability for three apparent violations of the Sudan Sanctions Regulations, 31 C.F.R. 538. In 2013, White Birch USA is alleged to have facilitated the sale and shipment of 543.952 metric tons of Canadian-origin paper from Canada to Sudan with a value of \$354,602.26. OFAC stated that personnel within White Birch USA and its Canadian subsidiary, White Birch Paper Canada Company, collectively discussed, arranged, and executed the export transactions to Sudan. The agency further noted that White Birch Canada personnel appear to have attempted to conceal the ultimate destination of the goods from its bank (a US financial institution serving as the confirming bank on a letter of credit). The settlement underscores that foreign subsidiaries of US parent corporations must act independently with respect to all transactions and activities that would be prohibited if the transactions were engaged in by a US person.

# Counter-Terrorism Designations



On July 21, OFAC designated **Malik Ruslanovich Barkhanoev** as a Specially Designated Global Terrorist (SDGT). A Russian national, Barkhanoev traveled to Syria to attend a terrorist training camp and in 2015 publicly announced he was fighting for ISIL in the Syrian city of Manbij. Barkhanoev allegedly uses the Internet to recruit new ISIL members from Russia's North Caucasus region.

On August 16, the State Department designated **Hizbul Mujahideen (HM)** as a Foreign Terrorist Organization and a SDGT. Operating out of the Kashmir, HM is one of the largest and oldest militant groups in the conflict-prone region. HM claimed responsibility for the April 2014 explosive attacks in Jammu and Kashmir, which injured seventeen people.

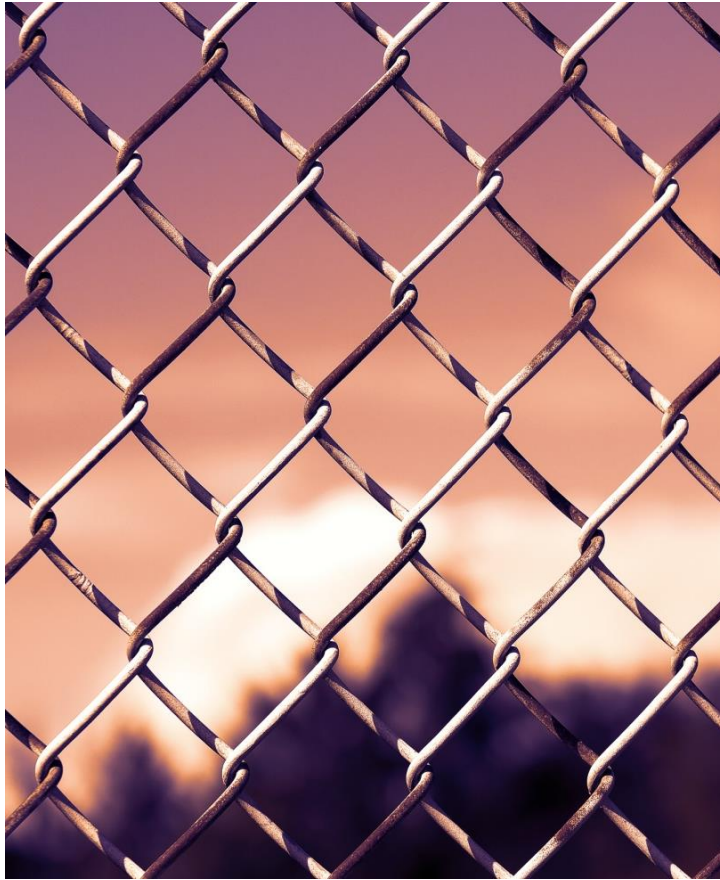
On August 17, the State Department designated two ISIL leaders, **Ahmad Alkhalid** and **Abu Yahya al-Iraqi**, as SDGTs. Alkhalid, an explosives expert, helped manufacture explosives belts used in the November 2015 terrorist attacks in Paris, which killed 130 people; he also helped construct bombs that killed 32 people in the March 2016 Brussels terrorist attacks. Al-Iraqi oversees ISIL security in Iraq and Syria and allegedly provides support for ISIL leader Abu Bakr al-Baghdadi.

On August 29, OFAC designated **Salim Mustafa Muhammad al-Mansur** as a SDGT. Al-Mansur has laundered money on behalf of ISIL and its predecessor, al-Qa'ida in Iraq, and sold crude oil that ISIL extracted from Syrian and Iraqi oil fields. He reportedly serves as an ISIL finance emir for Mosul and resides in Turkey.

On September 14, OFAC designated Ukraine-based airlines **Khors Aircompany** and **Dart Airlines** as SDGTs. The airlines leased aircraft and flight crew to Iran's Caspian Air and Iraq's Al-Naser Airlines, both of which are SDGTs. Moreover, Khors Aircompany sold aircraft and related services to Iran-based Mahan Air, also a SDGT; Dart Airlines provided aircraft and parts to Mahan Air.

On September 19, the State Department designated South African brothers **Brandon-Lee Thulsie** and **Tony-Lee Thulsie** as SDGTs. The Thulsie brothers plotted attacks against Jewish individuals and foreign embassies, including the US Embassy in South Africa, and attempted to travel to Syria to fight on behalf of ISIL. Tony-Lee Thulsie also communicated with ISIL-linked terrorists to learn how to construct explosive devices.

# OFAC Targets Narcotics Traffickers



On August 9, OFAC designated **Raul Flores Hernandez** and the **Flores Drug Trafficking Organization** (Flores DTO) as Significant Foreign Narcotics Traffickers under the Foreign Narcotics Kingpin Designation Act (Kingpin Act). OFAC also designated 21 Mexican nationals and 42 entities, including a Mexican soccer club, restaurants, and a music production company, for providing support to Flores Hernandez and Flores DTO. Although he operates independently, Flores Hernandez has ties to Mexico's Sinaloa Cartel and the Cartel de Jalisco Nueva Generación. The 63 designations mark OFAC's single largest Kingpin Act action against a Mexican drug cartel.

On September 14, OFAC designated four Mexican entities and three Mexican nationals linked to the Cartel de Jalisco Nueva Generación (CJNG) and the Los Cuinis Drug Trafficking Organization under the Kingpin Act. The entities include **Operadora de Reposterias y Restaurantes, S.A. de C.V.**, a bakery in Zapopan, Mexico, and **Operadora Los Famosos**, the parent company of a Guadalajara sushi lounge, as well as **Comercializadora Trade Clear** and **Plaza Los Tules** (also operating as Plaza Virreyes). Designated individuals include **Alfonso Corona Romero** and **Edgar Alfonso Corona Robles**, a father-son duo who act as front persons for CJNG and the Los Cuinis DTO. **Salime Abouzaid El Bayeh**, a business associate of Los Cuinis DTO leader Abigael Gonzales Valencia, was also named as a designated individual under the Kingpin Act.

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