

SHEARMAN & STERLING

Sanctions Roundup

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Shearman

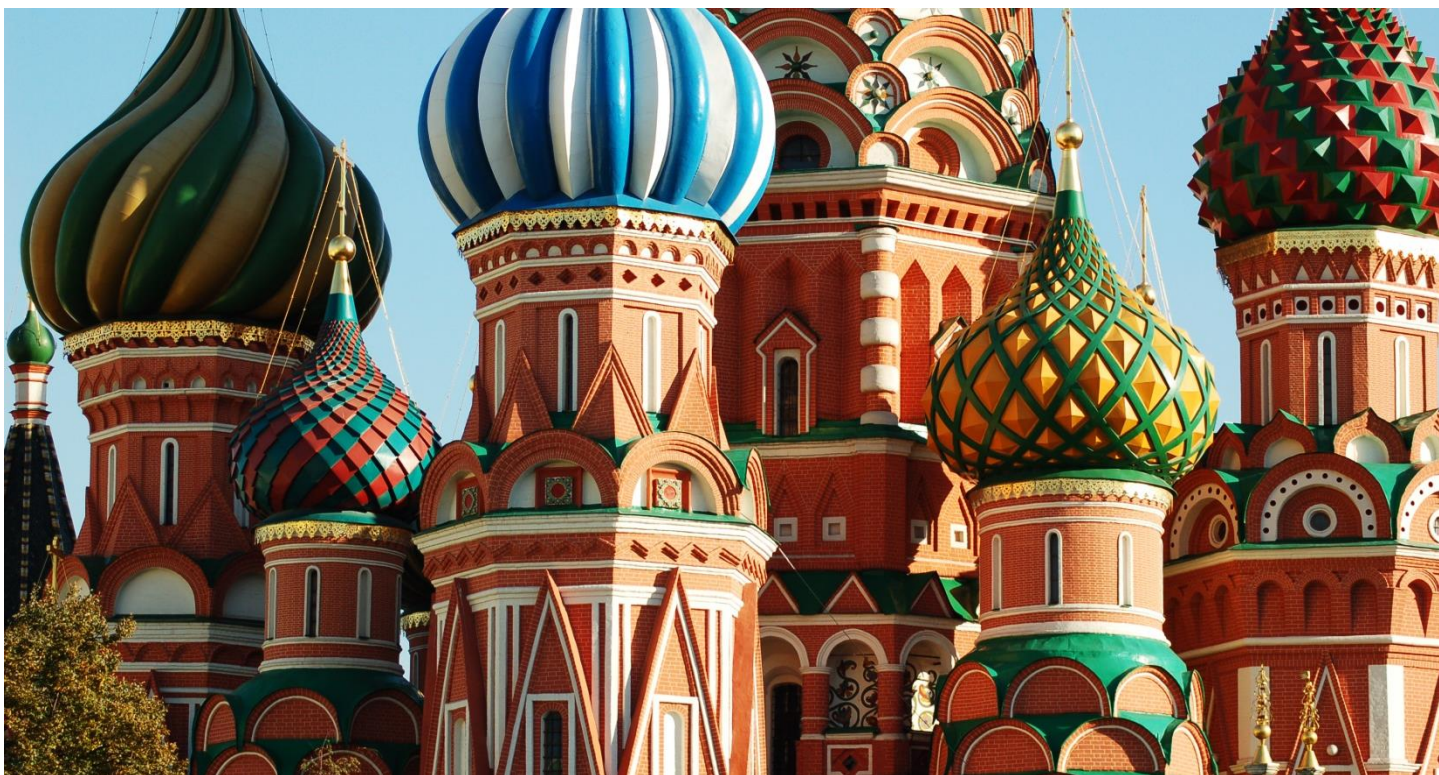
FOURTH QUARTER 2018

- OFAC announces plan to remove sanctions against United Co. Rusal and others, despite significant opposition in Congress.
- OFAC completes re-imposition of snap-back sanctions previously suspended under the Joint Comprehensive Plan of Action.
- OFAC provides digital currency addresses associated with sanctions target, as it continues to expand guidance for treatment of virtual currencies.
- President Trump issues another Executive Order directed at addressing corruption in Venezuela.
- OFAC announces four enforcement actions during final two months of 2018, including \$1.3 billion joint settlement with a European financial institution.

CONTENTS

RUSSIA	4
US Indicates Intent to De-List Entities Owned or Controlled by Oleg Deripaska	4
Trump Administration Targets Russian Hackers and Other Malign Actors	5
OFAC Continues to Target Russia for Election Interference	5
OFAC Continues to Punish Russia for Ukraine-Related Activities	6
IRAN	7
US Formally Re-Imposes Nuclear-Related Sanctions against Iran	7
Targeting Iran-Based Cyber Malfeasors, OFAC Identifies Associated Digital Currency Addresses	8
Iran’s Ties to Terrorism Remain a Focus of the Trump Administration	8
NORTH KOREA	9
OFAC Targets North Korea’s Use of the International Financial Systems	9
Human Rights Abuses Remain at the Forefront of US Sanctions	9
VENEZUELA	11
GLOBAL MAGNITSKY ACT	13
COUNTER-TERRORISM DESIGNATIONS	14
OFAC TARGETS NARCOTICS TRAFFICKERS & CRIMINAL ORGANIZATIONS	16
ENFORCEMENT ACTIONS	17

RUSSIA



US sanctions against Russia remained in flux during the final months of 2018. While the Trump Administration announced a long-awaited plan to remove sanctions on certain companies associated with Oleg Deripaska, it simultaneously imposed additional measures in response to Russia's alleged involvement in ongoing malign cyber activity and human rights abuses in Ukraine. Although talks of more punishing sanctions on Russian sovereign debt somewhat subsided, Democratic (and a substantial number of Republican) lawmakers expressed opposition but were ultimately unsuccessful in preventing OFAC from de-listing Rusal, GAZ Group, and EN+ Group.

US Indicates Intent to De-List Entities Owned or Controlled by Oleg Deripaska

After months of delaying the onset of sanctions through repeated license extensions, on December 19, OFAC notified Congress of its intention to terminate sanctions against EN+ Group, United Co. Rusal PLC, and JSC EuroSibEnergo, three entities owned or controlled by sanctioned Russian oligarch Oleg Deripaska. The de-listing of these entities comes as the companies agreed to make certain changes that would bring them into compliance with US sanctions policy. Most significantly, the proposals diminish Deripaska's ownership and remove his controlling stake in each company. Both EN+ Group and United Co. Rusal committed to make additional structural changes, including an overhaul of each company's board of directors; a commitment to extensive auditing, certification, and reporting requirements; and other changes to their corporate governance.

In connection with the commitments to make the changes in control, this quarter OFAC continued to extend the grace period for the maintenance of business activities with, and permission of divestment activities in, Deripaska-linked companies Rusal, GAZ Group, and EN+ Group. As of mid-January, the deadline was extended to March 7, 2019 with respect to GAZ Group and to January 28 for Rusal and EN+ (via the issuance of General License 13(J)). Similarly, General Licenses 14(E) and 15(D), licenses permitting maintenance and wind-down transactions were extended to the same dates. The de-listing of Rusal, EN+ Group, and EuroSibEnergo is expected to take place by the end of January. As of this date, however, there is no word on when or if GAZ will be similarly delisted.

US lawmakers from both parties expressed disagreement over OFAC's decision to de-list these companies, but Congress was unable to garner sufficient votes to compel the Administration to take a different course. In early January 2019, Treasury Secretary Steven Mnuchin delivered a classified briefing to the House of Representatives in which he defended the planned de-listing. Following the briefing, Democratic leaders in the House and Senate introduced resolutions to reject the Treasury Department's plan. While the resolution won a broad majority of bi-partisan votes in the House, the measure failed in the Republican-controlled Senate, clearing the path for de-listing as early as this month.

Despite its intention to de-list Rusal, En+Group Plc and EuroSibEnergo, the Treasury Department emphasized that Deripaska, individually, will remain sanctioned. OFAC underscored this by newly designating additional associates of Deripaska: on December 19, OFAC designated **Victor Alekseyevich Boyarkin**. Boyarkin, a former FSB officer, business associate, and direct report to Deripaska allegedly assisted Deripaska in providing Russian support to a political party in advance of Montenegro's 2016 election.

Trump Administration Targets Russian Hackers and Other Malign Actors

On December 19, OFAC and the State Department announced concerted action against Russian malign cyber-actors for their alleged role in various disruptive hacking schemes throughout the world. According to OFAC, Russia used malicious cyber actors to hack into the World Anti-Doping Agency and the Organization for the Prohibition of Chemical Weapons ("OPCW"), and other non-political organizations between 2016 and 2018. Agents of the GRU, Russia's security service, allegedly hacked into the World Anti-Doping Agency and released confidential medical information on professional athletes, reportedly in retaliation to the Agency's release of a report that exposed the Russian government's sponsorship of a doping program. For their integral role in orchestrating these and other attacks, OFAC acted pursuant to the Countering American's Adversaries Through Sanctions Act ("CAATSA") Section 224 to designate former GRU officers **Aleksei Morenets** and **Evgenii Serebriakov**. OFAC designated two additional individuals, **Oleg Sotnikov** and **Alexey Minin** for their role in a similar attack targeting the Organization for the Prohibition of Chemical Weapons.

In a concurrent action, and pursuant to CAATSA Section 231, the State Department identified twelve additional entities and individuals as part of the "defense or intelligence sectors of the Government of the Russian Federation." Pursuant to CAATSA, the President may impose secondary sanctions on any person that engages in a significant transaction with the following entities and individuals:

- **Anatoliy Chepiga**
- **Economy Today LLC**
- **Federal News Agency LLC**
- **Elena Alekseevna Khusyaynova**
- **Alexander Aleksandrovich Malkevich**
- **Alexey Minin**
- **Alexander Mishkin**
- **Aleksei Morenets**
- **Nevskiy News LLC**
- **Evgenii Serebryakov**
- **Oleg Sotnikov**
- **USA Really**

OFAC signaled a renewed focus on punishing those responsible for the March 2018 nerve gas attack on Sergei and Yulia Skripal in the United Kingdom. On December 19, OFAC targeted two persons for their individual role in carrying out the attempted assassination of the Skripals. Pursuant to its authority under CAATSA Section 224, OFAC designated GRU officers **Alexander Petrov** and **Ruslan Boshirov**.

OFAC Continues to Target Russia for Election Interference

On December 19, OFAC targeted individuals and entities associated with "Project Lakhta," which OFAC described as a Russia government-sponsored effort to interfere in political and electoral systems worldwide, including the United States. Project Lakhta's members allegedly used a variety of deceptive schemes, including fictitious or concealed identities, to circulate false information designed to sow division and discord among electorates across the world. Acting pursuant to Executive Order ("EO") 13694, which targets malicious cyber-related activities, the following entities and individuals were designated:

- **Nevskiy News LLC**
- **Economy Today LLC**
- **Federal News Agency LLC**
- **USA Really**
- **Alexander Aleksandrovich Malkevich**
- **Elena Alekseevna Khusyaynova**

OFAC also took action against nine individuals suspected on playing a direct role in interfering in the United States election in 2016. The move hints that OFAC remains focused on punishing Russia for the 2016 attack on America's elections. The individuals designated this quarter are all officers in the GRU and alleged to have played a direct role in targeting US election systems, political parties, and the release and promotion of stolen or hacked information. OFAC noted that these nine individuals are also subject to the July 13, 2018 indictment issued by the Special Counsel tasked with investigating Russia's interference in the 2016 election. The following GRU officials were designated:

- **Viktor Borisovich Netyksho**
- **Boris Alekseyevich Antonov**
- **Ivan Sergeevich Yermakov**
- **Aleksey Viktorovich Lukashev**
- **Nikolay Yuryevich Kozachek**
- **Artem Andreyevich Malyshev**
- **Aleksandr Vladimirovich Osadchuk**
- **Aleksey Aleksandrovich Potemkin**
- **Anatoliy Sergeevich Kovalev**

OFAC Continues to Punish Russia for Ukraine-Related Activities

On November 8, OFAC designated a total of four individuals and 10 entities under its CAATSA-related authorities in connection with Russia's annexation of Crimea and ongoing activities in Ukraine. First, OFAC designated two individuals and one entity for alleged human rights abuses carried out in furtherance of Russia's de facto occupation of various territories of eastern Ukraine. Pursuant to CAATSA Section 228, those designated include **Andriy Volodymyrovych Sushko**, a FSB officer who allegedly abducted and tortured a Crimean activist objecting to Russia's occupation of Crimea. In addition, OFAC targeted the Ministry of State Security of the so-called **Luhansk People's Republic (LPR)**, and **Aleksandr Basov**, LPR's Deputy Minister, for human rights abuses of detainees. According to OFAC, LPR and Basov allegedly engaged in mock executions, electrocution, and other physical violence toward uncooperative detainees. Basov also allegedly used his positions to directly target religious minorities, including members of Jehovah's Witnesses congregations.

Also on November 8, OFAC targeted multiple individuals and entities operating in the Crimea region of Ukraine, which it described as "entities and individuals supporting Russia's attempts to integrate Crimea through private investment and major privatization projects." Pursuant to EO 13685 and 13661, as codified by CAATSA, the following individuals and entities were designated:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Vladimir Nikolaevich Zaritsky • Mriya Resort and Spa • Garant-SV • Infrastructure Projects Management Company (LLC UKIP) | <ul style="list-style-type: none"> • Sanatorium Miskhor • Joint Stock Company Sanatorium Dylber • KRYMTETS, AO • Southern Project LLC • Sanatorium AY-Petri |
|---|---|

IRAN



Pursuant to the terms of its withdrawal from the JCPOA, the US completed the re-imposition of previously suspended sanctions against Iran as the second 180-day wind-down period announced in May came to a close in November. These sanctions include those aimed at Iran’s oil exports, shipping industries, and transactions with Iranian financial institutions. As the US re-imposed nuclear sanctions, OFAC continued to target Iran’s terrorism-related activities.

US Formally Re-Imposes Nuclear-Related Sanctions against Iran

On November 5, OFAC re-designated over 700 individuals, entities, aircraft, and vessels linked to Iran, against whom secondary sanctions had previously been lifted pursuant to the JCPOA. Re-imposition of US nuclear sanctions against Iran also included renewed prohibitions on a variety of Iran-related activities, including non-US persons’ involvement in business activities related to:

- Iran’s port operators, and shipping and shipbuilding sectors, including on the Islamic Republic of Iran Shipping Lines (IRISL), South Shipping Line Iran, or their affiliates;
- Petroleum-related transactions with, among others, the National Iranian Oil Company (NIOC), Naftiran Intertrade Company (NICO), and the National Iranian Tanker Company (NITC), including the purchase of petroleum, petroleum products, or petrochemical products from Iran;
- Transactions by foreign financial institutions with the Central Bank of Iran and designated Iranian financial institutions under Section 1245 of the National Defense Authorization Act for Fiscal Year 2012 (NDAA);
- The provision of specialized financial messaging services to the Central Bank of Iran and Iranian financial institutions described in Section 104(c)(2)(E)(ii) of the Comprehensive Iran Sanctions and Divestment Act of 2010 (CISADA);
- The provision of underwriting services, insurance, or reinsurance; and
- Iran’s energy sector.

In addition to new designations, a full listing of the over 700 re-designated persons can be found on the following Department of Treasury website: https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20181105_names.aspx.

Targeting Iran-Based Cyber Malfeasors, OFAC Identifies Associated Digital Currency Addresses

On November 28, OFAC took action against two Iranian individuals, **Ali Khorashadizadeh** and **Mohammad Ghorbaniyan**, for their alleged role facilitating payment to Iranian cyber hackers involved in the multi-year SamSam ransomware attacks. More specifically, Khorashadizadeh and Ghorbaniyan are alleged to have helped exchange digital currency (bitcoin) ransom payments generated by the scheme into Iranian rial. OFAC stated that the pair converted millions of US dollars' worth of digital currency into fiat payments to the hackers by processing the payments through two digital currency addresses, which OFAC also identified. The action marked the first time that OFAC has publically attributed digital currency addresses to designated individuals.

In announcing the action, OFAC emphasized that “[r]egardless of whether a transaction is denominated in a digital currency or traditional fiat currency, OFAC compliance obligations are the same.” OFAC also published updated guidance pertaining to compliance requirements for digital currencies, including instructions for blocking digital currency belonging to SDNs.

Iran’s Ties to Terrorism Remain a Focus of the Trump Administration

On October 16, OFAC targeted a network of twenty prominent Iranian businesses and investment companies alleged to have provided financial assistance to the Basij Resistance Force (“Basij”), an Iran-based paramilitary force that operates at the direction of the Iranian Revolutionary Guard Corps. (“IRGC”) and provides internal security services for the Iranian government. As part of its paramilitary operations, Basij recruits school children—sometimes as young as twelve years old—provides them with combat training, and deploys them to fight in IRGC conflicts across the region. The sanctioned entities allegedly comprise a network of businesses and financial institutions, referred to as the Bonyad Taavon Basij, that use shell companies and other deceptive measures to hide their Basij-ownership. The network’s business interests include Iran’s automotive, mining, metals, and banking industries, and many of the companies have dealings across the Middle East and with Europe. Pursuant to EO 13224, which targets terrorism and those providing support to terrorists, the following entities were designated as SDNs:

- **Andisheh Mehvaran Investment Company**
- **Bahman Group**
- **Bandar Abbas Zinc Production Company**
- **Bank Mellat**
- **Bonyad Taavon Basij (a.k.a. Basij Cooperative Foundation)**
- **Calcimin (a.k.a. Kalsimin)**
- **Esfahan’s Mobarakeh Steel Company (a.k.a. Mobarakeh Steel Company)**
- **Iran Tractor Manufacturing Company (a.k.a. Iran Tractor Manufacturing)**
- **Iran Zinc Mines Development Company**
- **Mehr Eqtesad Bank (a.k.a. Mehr Interest-Free Bank)**
- **Mehr Eqtesad Financial Group**
- **Parsian bank**
- **Parsian Catalyst Chemical Company**
- **Qeshm Zinc Smelting And Reduction Company (a.k.a. Qeshm Zinc Smelting And Reduction Complex)**
- **Sina Bank (a.k.a. Sina Finance And Credit Institute)**
- **Tadbirgaran Atiyeh Iranian Investment Company**
- **Taktar Investment Company**
- **Technotar Engineering Company**
- **Zanjan Acid Production Company (a.k.a. Zanjan Acid Makers; a.k.a. Zanjan Acid Makers And Alvand Rouinkaran; a.k.a. Zanjan Acid Sazan)**
- **Negin Sahel Royal Investment Company (a.k.a. Negin Sahel Royal Co.)**

NORTH KOREA



Despite ongoing diplomatic efforts to halt North Korea’s development of nuclear weapons, OFAC continued to exert pressure against the DPRK, specifically targeting North Korea’s use of international conduits to evade sanctions. Additionally, OFAC imposed new measures to combat human rights abuses, linking a new executive order as punishment for the 2017 death of US citizen Otto Warmbier.

OFAC Targets North Korea’s Use of the International Financial Systems

On October 25, OFAC designated one individual, two entities, and two vessels pursuant to EO 13551, which targets, in part, those who conduct financial transactions on behalf of the Democratic People’s Republic of North Korea (“DPRK”). According to OFAC, Singapore-based **Tan Wee Beng**, and two businesses under his control, **Wee Tiong (S) Pte Ltd** and **WT Marine Pte Ltd**, conducted complex laundering schemes by which money was routed through the US financial system on behalf of the Government of North Korea. To carry out the laundering scheme, Tan Wee Beng concealed the payments’ origins, and otherwise structured transactions to evade sanctions detection. In addition to his money laundering operations, Tan Wee Beng allegedly engaged in counterfeiting goods, bulk cash smuggling, narcotics trafficking, and other illegal activities to the benefit of North Korea. OFAC also designated two vessels, the **JW JEWEL** and the **NYMEX STAR** operated and managed by WT Marine Pte Ltd.

On November 19, OFAC designated one individual for assisting North Korea’s use of the international financial system to circumvent sanctions. Pursuant to EO 13722, which targets, in part, those who act on behalf of the North Korean government to develop nuclear weapons, **Vladlen Amtchentsev** (“**Amtchentsev**”) was designated. According to OFAC, Amtchentsev, a Russia-born, South African national, advised two entities already subject to US sanctions on how to evade sanctions in their effort to purchase of oil and gas for the benefit of the DPRK.

Human Rights Abuses Remain at the Forefront of US Sanctions

On December 10, OFAC designated three officials of the DPRK for their alleged involvement in perpetrating serious human rights abuses against North Korean citizens. The designations accompany a new report

released by the State Department, the “Report on Serious Human Rights Abuses or Censorship in North Korea,” which details the ongoing efforts of the DPRK to censor North Korean media outlets, stifle freedom of expression, and punish citizens who access non-government media. OFAC’s designations are also reportedly in retaliation for the treatment of Otto Warmbier, the US citizen whose 2017 death resulted from injuries sustained while detained by North Korean authorities. Pursuant to EO 13687, OFAC designated three senior officials of the DPRK:

- **Jong Kyong Thae**, Minister of State Security
- **Choe Ryong Hae**, Director of the Organization and Guidance Department at the Workers Party of North Korea
- **Pak Kwang Ho**, Director of the Propaganda and Agitation Department of the Workers Party of North Korea

VENEZUELA



In November, President Trump issued an executive order taking further aim at purported corruption within the Government of Venezuela. Although the EO itself did not designate any entities or individuals, OFAC subsequently added a number of individuals and entities to the SDN list.

Executive Order 13850 (“Blocking Property of Additional Persons Contributing to the Situation in Venezuela”), issued on November 1, 2018, imposes blocking sanctions aimed at preventing the Maduro regime’s efforts to exploit Venezuela’s people and resources. Section 1 of EO 13850 imposes blocking sanctions on persons operating in the gold sector of the Venezuelan economy or involved in deceptive or corrupt conduct with respect to the Government of Venezuela or its programs. The executive order also imposes blocking sanctions on entities owned or controlled by blocked persons, or those who assist or act on behalf of persons blocked under the new Order. OFAC clarified that any sanctions issued pursuant to EO 13850 would be limited to those operating corruptly in the gold sector and other identified sectors of Venezuela’s economy. Legitimate actors within those sectors will not be targeted.

On January 8, OFAC exercised its authority under EO 13850 for the first time by designating seven individuals and 23 entities allegedly involved in an expansive scheme to exploit the Government of Venezuela’s currency exchange practices. According to OFAC, Venezuelan television mogul **Raul Antonio Gorrin Belisario** (“**Gorrin**”) bribed the Venezuelan Treasury to grant approval to multiple brokerage firms controlled by Gorrin. Gorrin and his collaborators then used the brokerage firms to conduct favorable foreign exchange transactions. The \$2.4 billion in corrupt profits were then invested in domestic and international assets, the ownership of which were disguised using as network of corporate entities and deceptive structures. The following individuals and companies were designated:

- **Raul Gorrin Belisario**
- **Claudia Patricia Diaz Guillen**
- **Adrian Jose Velasquez Figueroa**
- **Leonardo Gonzalez Dellan**
- **Gustavo Adolfo Perdomo Rosales**
- **Maria Alexandra Perdomo Rosales**
- **Mayela Antonina Tarascio-Perez**
- **RIM Group Investments III Corp.**
- **RIM Group Properties of New York, Corp.**
- **RIM Group Properties of New York II Corp.**
- **Magus Holdings USA, Corp.**
- **Magus Holding LLC**
- **Magus Holding II LLC.**
- **Tindaya Properties Holding USA Corp.**

- **Globovision Tele C.A.**
- **Globovision Tele CA, Corp.**
- **Seguros La Vitalicia**
- **Corpomedios GV Inversiones, C.A.**
- **Corpomedios LLC**
- **RIM Group Investments, Corp.**
- **RIM Group Investments I Corp.**
- **RIM Group Investments II Corp.**
- **Tindaya Properties of New York, Corp.**
- **Tindaya Properties of New York II Corp.**
- **Posh 8 Dynamic Inc.**
- **Constello No. 1 Corporation**
- **Constello Inc.**
- **Windham Commercial Group Inc.**
- **Planet 2 Reaching Inc.**
- **Potrico Corp.**
- **N133JA**

Notably, OFAC immediately issued a general license (GL 6) permitting a 12-month period during which time persons may continue to maintain or wind-down pre-existing business involving Globovision Tele C.A. or Globovision Tele CA, Corp, or their subsidiaries. As with simliar licenses extended pursuant to Ukraine/Russia programs, OFAC emphasized that the “maintenance” of business would only be interpreted to include transactions “ordinarily incident to the continuity of operations” vi-a-vis the sanctioned targets, but noted that new or renewed contracts are permissible so long as they are consistent with past practices prior to January 8, 2019.

GLOBAL MAGNITSKY ACT



On November 15, OFAC targeted 17 Saudi individuals for their suspected role in the death of journalist Jamal Khashoggi. Among those designated were **Saud al-Qahtani, Maher Mutreb**, Saudi Consul General **Mohammed Alotaibi**, as well as 14 additional members of an operations team allegedly responsible for the October 2, 2018 killing of Khashoggi at the Saudi Consulate in Istanbul, Turkey. These individuals were designated pursuant to EO 13818 and the Magnitsky Act, which targets serious human rights abuses. According to OFAC, the killing was orchestrated by Saud Al-Qahtani, a senior official of the Government of Saudi Arabia, his subordinate Maher Mutreb, and at least the following 14 other Saudi government officials: **Salah Tubaigy; Meshal Albostani; Naif Alarifi; Mohammed Alzahrani; Mansour Abahussain; Khalid Alotaibi; Abdulaziz Alhawsawi; Waleed Alsehri; Thaar Alharbi; Fahad Albalawi; Badr Alotaibi; Mustafa Almadani; Saif Alqahtani; and Turki Alsehri.**

Despite near consensus in the international community that Saudi Crown Prince Mohammad Bin Salman ordered the killing of Khashoggi, as of late December, President Trump has not announced any additional sanctions against Saudi Arabia. Citing a lack of direct evidence linking Saudi Crown Prince Mohammad Bin Salman to the killing of Khashoggi, the Administration said that would not impose additional sanctions beyond designating 17 Saudi individuals suspected of being involved in Khashoggi's death. In lieu of sanctions, the US Senate passed a resolution assigning blame for Khashoggi's death to the Crown Prince, and separately voted to end military assistance for Saudi Arabia's war in Yemen. As the vote was taken before the new Congress was sworn in, the legislation to end US assistance to the Saudi-led war in Yemen will have no effect unless reintroduced by the Senate, and passed by both houses of Congress.

COUNTER-TERRORISM DESIGNATIONS



On October 17, OFAC designated **Afaq Dubai**, an Iraq-based money services business, as a Specially Designated Global Terrorist (“SDGT”). OFAC alleges that Afaq Dubai is part of ISIS’s financial network, and has provided financial services to ISIS. According to OFAC, the designation is part of Treasury and the Department of Defense’s combined efforts to stop financial facilitators from moving money on ISIS’s behalf.

On October 23, OFAC, in partnership with the member nations of the Terrorist Financing Targeting Center (“TFTC”), designated critical members of the Taliban and their financial sponsors in Iran. According to OFAC, the Taliban members were involved in suicide attacks and other lethal activities, and their Iranian sponsors provide military training, financing, and weapons to the Taliban. The following nine individuals were designated pursuant to EO 13224:

- **Mohammad Ebrahim Owhadi**, an Iranian national, is an IRGC-QF officer who allegedly brokered a deal with **Abdullah Samad Faroqui**, the Taliban Deputy Shadow Governor for Herat Province in Afghanistan, in which IRGC-QF would provide the Taliban with military and financial assistance in exchange for attacks the Afghan government.
- **Esma’il Razavi**, an Iranian national, is a member of the IRGC-QF in charge of a training center in Birjand, Iran which provides training, intelligence, and weapons to the Taliban.
- **Mohammad Daoud Muzzamil**, the Taliban Shadow Governor for Farah Province in Afghanistan.
- **Abdul Rahim Manan**, the Taliban Shadow Governor for Helmand Province in Afghanistan. OFAC alleges that Manan has provided a significant number of fighters for attacks on Afghan government forces.
- **Abdul Aziz**, a Pakistani national, allegedly arranged for the narcotics produced by Taliban commanders to be transported to Europe and Africa in exchange for the commanders’ commitment to protect Aziz’s narcotics processing facility in Helmand Province.

- **Sadr Ibrahim**, a leader of the Taliban’s Military Commission allegedly involved in building the Taliban’s tactical and combat capabilities.
- **Hafiz Majid**, a Pakistani national and member of the Taliban’s Military Commission. Majid allegedly oversees all suicide attacks in Afghanistan.
- **Naim Barich**, the Taliban Shadow Minister of Foreign Affairs, is alleged to manage the Taliban’s relationship with Iran.

On November 13, OFAC designated four individuals affiliated with Hizballah for leading and coordinating the group’s operational, intelligence, and financial activities in Iraq. Specifically, **Shibl Muhsin ‘Ubayd Al-Zaydi**, **Yusuf Hashim**, **Adnan Hussein Kawtharani**, and **Muhammad ‘Abd-Al-Hadi Farhat** were designated for their roles in undermining security and stability in Iraq by enabling Hizballah’s activities. The move is part of an effort to implement the Hizballah International Financing Prevention Amendments Act of 2018, which reaffirms the US’s commitment to maintain the integrity of the international financial system by disrupting Hizballah’s support networks. In a concurrent action to target Hizballah networks, the State Department designated **Jawad Nasrallah** and **Al-Mujahidin Brigades (AMB)** as SDGTs. According to the State Department, Nasrallah has recruited individuals to carry out terrorist attacks, and AMB is a military organization connected to Hizballah whose members have planned numerous terrorist attacks.

On November 20, OFAC acted against a complex international scheme involving material support to Hamas and Hizballah in Syria. Pursuant to its Syria-related authorities, OFAC took action against nine Iranian and Russian targets. The six individuals and three entities are allegedly part of a complex network by which the Iranian government, using Russian intermediaries, sought to deliver barrels of oil to the Syrian government in violation of US sanctions. In return for the oil, the Syrian government would move hundreds of millions of dollars to the Iranian Revolutionary Guard Corps-Qods (IRGC-QF), which then funneled the money to finance terrorist activities of HAMAS and Hizballah. To deliver the oil from Iran to Syria, Iran used Russian a shipping company and its vessels, which allegedly de-activated the Automatic Identification System to conceal the true destination and recipient of the oil. Financial payments were routed by the Central Bank of Iran through a series of Russian intermediaries and banks, many of them already subject to US sanctions. The following individuals and entities were designated:

- | | |
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| <ul style="list-style-type: none"> • Mohammad Amer Alchwiki • Rasul Sajjad • Hossein Yaghoobi • Andrey Dogaev • Muhammad Qasim al-Bazzal | <ul style="list-style-type: none"> • Global Vision Group • Promsyrioimport • Mir Business Bank • Tadbir Kish Medical and Pharmaceutical Company |
|--|---|

In tandem with these designations, OFAC issued a new Syria Shipping Advisory, re-affirming its commitment to disrupt any deliveries of petroleum resources to Syria and its general prohibition against virtually all transactions with Iran. OFAC specifically warned that any effort to deliver oil to Syria using falsified documents, ship-to-ship transfers, and the disabling of Automatic Identification Systems would be aggressively pursued by OFAC. To guard against the risk of severe sanctions penalties, OFAC encouraged companies to implement the following risk-mitigation measures: strengthening anti-money laundering compliance measures, AIS manipulation monitoring, and a comprehensive review of all shipping documentation.

OFAC TARGETS NARCOTICS TRAFFICKERS & CRIMINAL ORGANIZATIONS



On October 18, OFAC, in coordination with the Drug Enforcement Administration, designated **Pedro Luis Zuleta Noscue** (“**Noscue**”) and his close associates pursuant to the Foreign Narcotics Kingpin Designation Act. Noscue, a Colombian national, is alleged to control a narcotics trafficking corridor in Corinto, Cauca, Colombia, and to have financially supported the Revolutionary Armed Forces of Colombia (“FARC”), itself a designated entity. According to OFAC, Noscue supplies narcotics to criminal groups in Colombia, who then sell the drugs to fund their criminal activities. Four of Noscue’s close associates were also designated for their alleged role in Noscue’s trafficking activities: **Alonso Zuleta Noscue**, Noscue’s brother and primary partner in narcotics trafficking; **Jose Efer Higuita Peralta**, Noscue’s front person and money launderer; **Jose Oscar Zuleta Trochez**, Noscue’s nephew and operator of narcotics laboratories; and **Jonathan Alvarez Escobar**, a La Oficina de Envigado member who arranges purchases from Noscue and coordinates the resale of narcotics in Medellin, Colombia.

ENFORCEMENT ACTIONS



On November 19, OFAC and other US authorities announced a \$1.34 billion settlement agreement with **Société Générale S.A.** for violations of US sanctions. According to OFAC, between 2007 and 2012, Société Générale S.A. processed over 1,000 transactions through US financial institutions through deceptive means, including the removal, omission, obfuscation, or failure to include the name of sanctioned parties when submitting transactions for processing. The transactions, totaling just over \$5.56 billion, allegedly circumvented multiple US sanctions programs, including the Cuban Assets Control Regulations, the Iranian Transactions and Sanctions Regulations, and the Sudanese Sanctions Regulations. According to the settlement, Société Générale alerted OFAC that transactions processed through one its retail banking branches in France were conducted on behalf of an entity majority-controlled by the Government of Sudan. That disclosure led to a more expansive review of all USD transactions processed by business lines across the world, which uncovered the 1,077 transactions at issue.

Société Générale discovered 251 violations of the Sudanese Sanctions Regulations. According to the settlement, one of Société Générale's Paris branches processed transactions for a Sudanese government-owned entity that referenced an address in France, rather than the company's address in Sudan, thereby evading Société Générale's sanctions screening software.

Additionally, Société Générale learned that its employees further concealed payments by manually re-submitting them with the French mailing address, even after the payments had been flagged by Société Générale's screening software. Société Générale also participated in numerous credit facilities involving Iranian and Cuban parties. Société Générale processed loans, routed payments, and cleared transactions through the United States financial system in violation of US sanctions. The global settlement was paid to US authorities, including the Federal Reserve, the US Department of Justice, the state and county divisions of the New York district attorney's office, as well as the New York State Department of Financial Services. The \$1.34 billion sanctions penalty is the largest under the Trump Administration, and the second largest sanctions-related settlement in US history.

On November 27, OFAC announced a second sanctions related settlement with US-based **Cobham Holdings, Inc.** The settlement, which included a penalty of \$87,507, addressed three violations of US sanctions allegedly committed by Cobham's former subsidiary Aeroflex/Metalics, Inc. Aeroflex sells various components related to commercial air traffic control radar equipment. According to OFAC, Aeroflex used distributors in Canada and Russia to ship the components to Almez Antey Telecommunications LLC, a Russia-based purchaser subject to blocking sanctions pursuant to EO 13661. Although Aeroflex performed SDN screening, its processes were deficient and failed to detect Almez Antey. Cobham discovered the violation and self-reported the transactions to OFAC, which considered the three sales to be non-egregious.

On December 12, OFAC and the US Department of Commerce announced a \$2,774,972 joint settlement with China-based **Yantai Jereh Oilfield Services Group Co. Ltd.** and its affiliates and subsidiaries worldwide

(collectively, the “Jereh Group”). The Jereh Group agreed to settle potential civil liability for 11 apparent violations of the Iranian Transactions and Sanctions Regulations (“ITSR”). The alleged violations concern the actual and attempted exportation or re-exportation of US-origin goods intended for end-users in Iran by way of China from 2014 through 2016. OFAC also alleges that the Jereh Group exported certain US-origin items when it knew, or had reason to know, that the items would be produced, commingled with, or incorporated into other goods made in China, before being shipped to Iran. The goods in question include oilfield equipment, such as spare parts, coiled tubing strings, and pump sets. In determining the penalty, OFAC determined that the alleged violations were an egregious case, and penalized the Jereh Group for failing to voluntarily self-disclose the violations.

On December 20, OFAC announced a \$7,772,102 settlement with **Zoltek Companies, Inc.** Zoltek is a US holding company headquartered in Bridgeton, Missouri that owns subsidiaries that operate in the both the US and in Hungary. The settlement results from 26 alleged violations of OFAC’s Belarus Sanctions Regulations between January 2012 and October 2015. The apparent violations involved Zoltek’s US subsidiaries’ approval of 26 purchases of acrylonitrile — a chemical used in the production of carbon fiber — between Zoltek’s Hungary-based subsidiary and J.S.C. Naftan, a Belarusian entity designated by OFAC in 2011. In determining the penalty, OFAC noted that Zoltek voluntarily self-disclosed the alleged violations. OFAC noted that Zoltek’s senior management was alerted to the prohibited nature of the transactions in February 2015, at which point it opted to continue sales to Naftan via a third-party intermediary. OFAC considered the alleged violations that occurred prior to February 2015 to constitute a non-egregious case, and the apparent violations that occurred after February 2015 to constitute an egregious case.

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