

# Briefing for Advisory Committee On International Economic Policy



# OFAC

Office of Foreign Assets Control

January 29, 2008

# Designations

Many new designations in 2007-2008, including:

**Narcotics**

**Terrorism**

**Burma**

**Belarus**

**Democratic Republic of Congo**

**Sudan**

**Syria/Lebanon**

**Iraq 2**

**Proliferation**

# Designations (continued)

Designations made on the basis of all available evidence, including public, non-public and classified information.

Designations made in consultation with other agencies, including the State Department, which supplies foreign policy guidance on the scope of sanctions and when OFAC should make exceptions to the sanctions.

Effect on US persons, including business interests, is a factor in sanctions decisions.

# Iran – Proliferation/Terrorism

**OFAC** designated the following Iranian financial institutions for proliferation activities and support for terrorism:

- **Bank Sepah International PLC** , including its branches and certain subsidiaries (proliferation)
- **Bank Mellat**, including its branches and certain subsidiaries (proliferation)
- **Bank Saderat**, including its branches and certain subsidiaries (terrorism)
- **Bank Melli**, including its branches and certain subsidiaries (proliferation)

# Iran – Proliferation/Terrorism (continued)

At the same time as many of the bank designations, the State Department also designated the Islamic Revolutionary Guard Corps (IRGC) as a proliferator.

In addition, OFAC designated nine (9) IRGC-affiliated companies and five (5) IRGC-affiliated individuals for proliferation activities.

## Amendments to the Sudanese Sanctions Regulations to implement Executive Order 13412 and the Darfur Peace and Accountability Act

- Exempt transactions in Southern Sudan and other specified areas
- Do not exempt transshipments through non-exempt areas to Southern Sudan

# Sudan (continued)

## Specified Areas of Sudan that are exempt:

- (a) The term *Specified Areas of Sudan* means Southern Sudan, Southern Kordofan/Nuba Mountains State, Blue Nile State, Abyei, Darfur, and marginalized areas in and around Khartoum.
- (b) The term *marginalized areas in and around Khartoum* means the following official camps for internally displaced persons: Mayo, El Salaam, Wad El Bashir, and Soba.

# Sudan (continued)

## Maintain certain sanctions countrywide

- Property and interests in property of the Government of Sudan remain blocked
- All transactions relating to Sudan's petroleum and petrochemical industries are prohibited
- TSRA licensing requirements remain in effect throughout Sudan



# Sudan (continued)

## Two New General Licenses:

- Exemption for UN and USG-related transactions expanded to include transactions by contractors and grantees of the UN and USG, or any of the UN's specialized agencies, programs and funds
- Humanitarian transshipments through non-exempt areas to or from Southern Sudan or Darfur are authorized

## In November:

- OFAC designated Belneftekhim, a large Belarusian state-owned enterprise, and its US affiliate.
- The designation was made pursuant to EO 13405 (2006), which allowed the blocking of property of certain persons undermining democratic processes in Belarus.

## Belarus (continued)

- Belneftekim owns many subsidiaries and affiliates that do business with US companies.
- Pursuant to OFAC's definition of "property and interests in property," it considers subsidiaries owned 50% or more by a designated entity to be blocked by operation of law.

# Civil Penalties

- On October 16, 2007, the President signed into law the **International Emergency Economic Powers Enhancement Act**, which increased the maximum civil penalty applicable to violations of orders or regulations issued under IEEPA.
- The new maximum civil penalty is the **greater of \$250,000 or double the amount of the transaction** that is basis of violation giving rise to the penalty.

# Civil Penalties (continued)

- These amounts are applicable to all violations with respect to which enforcement action is pending or commenced on or after October 16, 2007 (where no Final Penalty Notice was issued by that time).
- OFAC is currently re-drafting its Enforcement Guidelines. In the interim, the old guidelines will continue to apply to the new statutory provisions.

# Civil Penalties (continued)

- Where a prepenalty notice already mailed, or a written settlement offer communicated, OFAC will calculate penalty based on PPN offer/amount.
- Where a party had agreed to a SOL waiver, and the SOL would have expired by Oct. 16, 2007, the penalty will be calculated pursuant to the maximum penalty applicable on the date the SOL waiver was signed.
- Voluntary disclosures will remain a significant mitigating factor.

# Questions?

## **OFAC Compliance Hotline**

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