



SANCTIONS

HOW DO THEY WORK AND WHY PANIC?

SHIPPINGFORUM

OSLO

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\ Sanctions - from where?

- UN
 - Security Council
- US
 - Bills, Acts & Executive Orders
- EU
 - Council Decisions, Regulations
- National

\ Sanctions - Individuals & entities

- US: SDN List



The screenshot shows the U.S. Department of the Treasury's website. The header includes the department's name, a search bar, and links for 'En Español', 'Press Center', 'Blog', and 'Contact Us'. The main navigation bar contains links for 'Home', 'Treasury For...', 'About', 'Resource Center', 'Services', 'Initiatives', 'Careers', and 'Connect with Us'. The 'Resource Center' is selected, leading to a page titled 'Resource Center' with a breadcrumb trail: 'Home » Resource Center » Financial Sanctions » SDN List'. The page is dated '4/23/2012' and includes a link to 'Get e-mail updates when this information changes.' A paragraph explains that OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs." Their assets are blocked and U.S. persons are generally prohibited from dealing with them. A link is provided for more information on Treasury's Sanctions Programs. Below this is a section titled 'SDN Search' with the text 'Online application to search the SDN list.'



CONSOLIDATED LIST OF FINANCIAL SANCTIONS TARGETS IN THE UK

Last Updated: 29/04/2013

Status: Asset Freeze Targets

REGIME: Iran (nuclear proliferation)

INDIVIDUALS

- Name 6:** ABBASI-DAVANI 1: FEREDOUN 2: n/a 3: n/a 4: n/a 5: n/a.
Position: Senior Ministry of Defence and Armed Forces Logistics scientist **Other Information:** UN Ref L47.C.1. Has links to the Institute of Applied Physics. Working closely with Mohsen Fakhrazadeh-Mahabadi. **Listed on:** 24/03/2007 **Last Updated:** 15/05/2008 **Group ID:** 9049.
- Name 6:** AGHAJANI 1: AZIM 2: n/a 3: n/a 4: n/a 5: n/a.
a.k.a: ADHAJANI, Azim **Nationality:** Iran **Passport Details:** (1) 6620505 (2) 9003213 **Other Information:** UN Ref LAC.50.18.04.12. Previous EU listing. Member of the IRGC-Qods Force operating under the direction of Qods Force Commander Major General Qasem Soleimani. Facilitated a breach of para 5 of UNSCR 1747(2007) **Listed on:** 02/12/2011 **Last Updated:** 03/08/2012 **Group ID:** 12274.
- Name 6:** AGHA-JANI 1: DAWOOD 2: n/a 3: n/a 4: n/a 5: n/a.
Position: Head of the PFEP (Natanz) **Other Information:** UN Ref L37.C.3. **Listed on:** 09/02/2007 **Last Updated:** 09/02/2007 **Group ID:** 8997.
- Name 6:** AGHAZADEH 1: REZA 2: n/a 3: n/a 4: n/a 5: n/a.
DOB: 15/03/1949. **POB:** Khoy, Iran **Passport Details:** (1) S4409483. Valid 26 Apr 2000. Expiry date 27 Apr 2010. Issued Tehran, Iran. (2) D9001950 (Diplomatic). Issued on 22 Jan 2008. Valid until 21 Jan 2013 **Position:** Former Head of the Atomic Energy Organisation of Iran (AEOI) **Other Information:** EU listing. Not UN. **Listed on:** 24/04/2007 **Last Updated:** 27/10/2010 **Group ID:** 9087.
- Name 6:** AHMADIAN 1: ALI 2: AKBAR 3: n/a 4: n/a 5: n/a.
Title: Vice-Admiral **Position:** Chief of Iranian Revolutionary Guard Corps Joint Staff **Other Information:** UN Ref L47.D.2. **Listed on:** 24/03/2007 **Last Updated:** 24/03/2007 **Group ID:** 9058.

- UK: Consolidated List
– EU, EU, UN

\ Sanctions - Individuals & entities

- Not listed but...
 - «owned, held or controlled by...»
 - «on behalf of or at the direction of...»
 - «made available directly or indirectly to..»
 - «for the benefit of...»
- As sanctions tighten, evasion becomes more sophisticated

\ Sanctions - US

Main prohibitions:



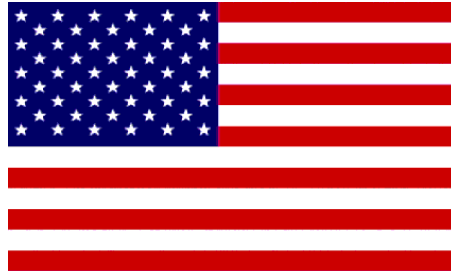
- Supply of refined petroleum products **to** Iran
 - includes insurance

- Goods and services supporting Iran's domestic production of petroleum & petroleum products

- Export **from** Iran of crude oil and petroleum products
 - includes insurance

BUT NDAA waivers held by 20 countries

\ Sanctions - US



- ISA
 - Iran Sanctions Act 1996
- CISADA
 - Comprehensive Iran Sanctions Accountability and Divestment Act 2010
- ITRASHA
 - Iran Threat Reduction and Syria Human Rights Act 2012
- NDAA 2012
 - National Defense Authorization Act for 2012

Executive Orders

13590 – Nov 2011
13608 – May 2012
13622 – July 2012
13645 – June 2013

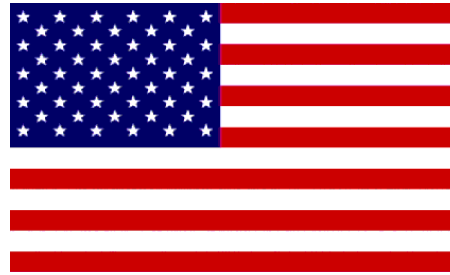
\ Sanctions - US



- NDAA 2013
 - National Defense Authorization Act for 2013
 - Subtitle D – IFCA
 - The Iran Freedom and Counter-Proliferation Act of 2012
- OFAC Guidance - 3 June 2013
- Executive Order 13645 – 3 June 2013
- International Group of P&I Associations – Guidance & FAQs

\ Sanctions - US

NDAA 2013 – IFCA 2012

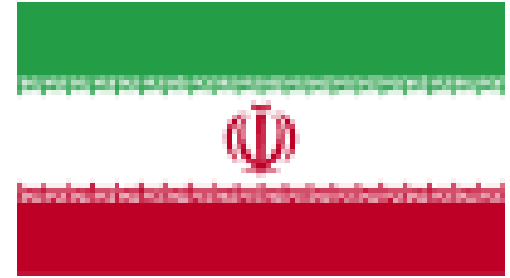
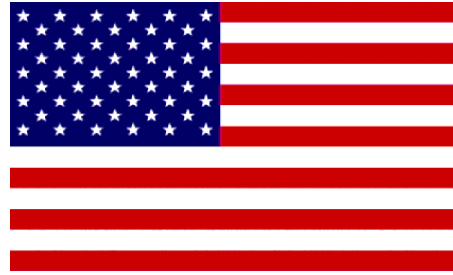


- Sale, supply or transfer of
 - **significant** goods or services..
 - ..in the energy, shipping or shipbuilding sectors of Iran..
 - ..or port operators in Iran..
 - ..or to any Iranian person on SDN List.

- Penalty – blocking of US assets
 - including US bank transfers

\ Sanctions - US

NDAA 2013 – IFCA 2012



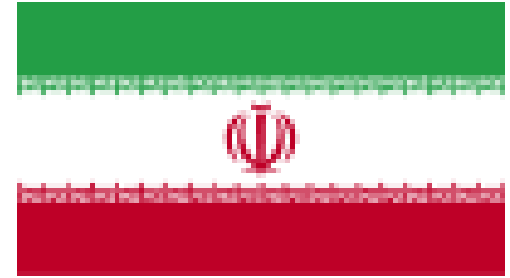
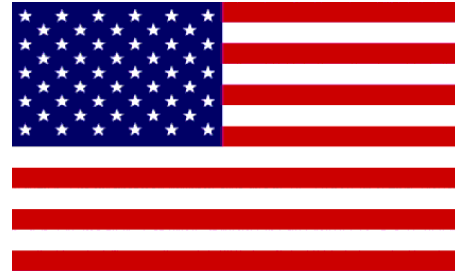
BUT no application to

- non-Iranian shipowners & operators
- agricultural commodities, food, medicine etc.
- port operators for routine calls with non-sanctioned cargoes
- natural gas to or from Iran
- export of petroleum to country with NDAA waiver

At least that's what we think....

\ Sanctions - US

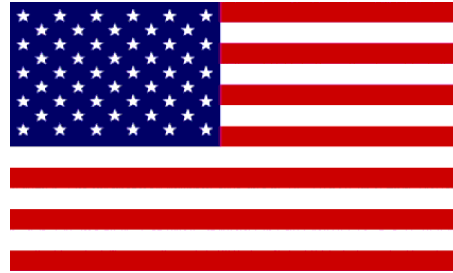
NDAA 2013 – IFCA 2012



- Underwriting services, insurance and reinsurance
 - Activity sanctioned under any US law
 - Energy, shipping or shipbuilding sectors, or
 - Any Iranian person on SDN List
- BUT
 - Must be knowingly
 - Due diligence defence
 - Not apply to cargoes with NDAA waiver
 - at least we don't think so...

\ Sanctions - US

IEEPA



International Emergency Economic Powers Act

- Violating – including attempting, conspiring or causing a violation – of any sanction enforced by OFAC.

Targeting – «foreign sanctions evaders»

- Extra-territorial – applies to any person
 - information on USD bank transfer?
- Civil penalty
- Criminal penalty – up to USD 1 m.
- Prison – up to 20 years

\ Sanctions – EU



- Crude oil or petroleum products originating in or exported from Iran
 - import into EU
 - "transport ..to any country"
 - "insurance and reinsurance related to...transport"

Art 11 EU Reg 267/2012 & Annex IV

➤ Petrochemical products

- same prohibitions

Art 13 EU Reg 267/2012 & Annex V

➤ Natural gas

- regardless of destination
- insurance and reinsurance prohibited

EU Reg 1263/2012

➤ Storage of crude or products

EU Reg 1263/2012

\ Sanctions

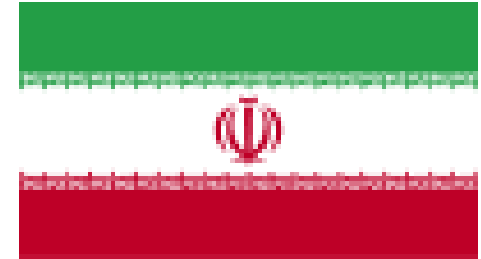
US	EU
Extremely high political drive. Only area in which 100% cross party support	High priority at EU level, variable among individual member states
Huge volume of Acts & Executive Orders. More imminent. Almost unmanageable.	No new Iran legislation expected in the short term
Guidance & FAQs provided by authorities	Little guidance provided
Enforcement – well-resourced and knowledgeable about shipping & insurance.	No enforcement body at EU level. Left to individual states which often lack resources and competence.
Pro-active dialogue with industry – well-resourced outreach programme	Dialogue varies from regular (UK) to non-existent (Greece)
20 states allowed to import Iranian oil (including China, Japan, Korea, India)	Complete ban on transport and insurance of Iranian oil

\ Sanctions – why?

- Immediate
- Shows determination
- Effective
- Vague
- Low risk
 - one step short of military action
- Low cost
 - enforcement left to others
 - banks, insurers etc.



\ Sanctions



- Why shipowners?
 - importance of trade to Iran
- **BUT** many shipowners based outside US - EU
 - extra-territorial measures
 - targeting of insurers

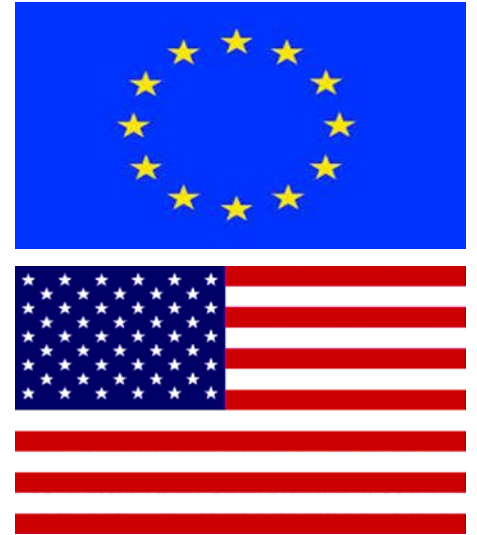
\ **Sanctions – «Unintended consequences?»**

Oil continues to flow from Iran

- Much of it permitted by US NDAA waivers
- European insurers and reinsurers subject to prohibition
- Alternative sources of P&I insurance
 - Commercial
 - Government backed (Japan, India)

\ Sanctions – «Unintended consequences?»

- Settlement of third party claims –
 - salvage
 - pollution
 - wreck removal
- Policy inconsistency



....or acceptable collateral damage?

Sanctions - Insurance

- Exclusions:
 - *being employed in a trade or on a voyage which is unlawful or which the Board of Directors considers to be imprudent, unsafe, improper or unduly hazardous.*
 - *where payment by the Association or the provision of cover in respect thereof may expose the Association to the risk of being subject to a sanction, prohibition or any adverse action by a state or international organisation or competent authority*
 - *the Member shall in no circumstances be entitled to recover from the Association that part of any liabilities, costs and expenses which is not recovered by the Association under the Pooling Agreement, General Excess Loss Contract or any reinsurance(s) arranged by the Association because of a shortfall in recovery from such parties or reinsurers thereunder by reason of a sanction, prohibition or adverse action against them by a state, international organisation or other competent authority or the risk thereof if payment were to be made by such parties or reinsurers.*

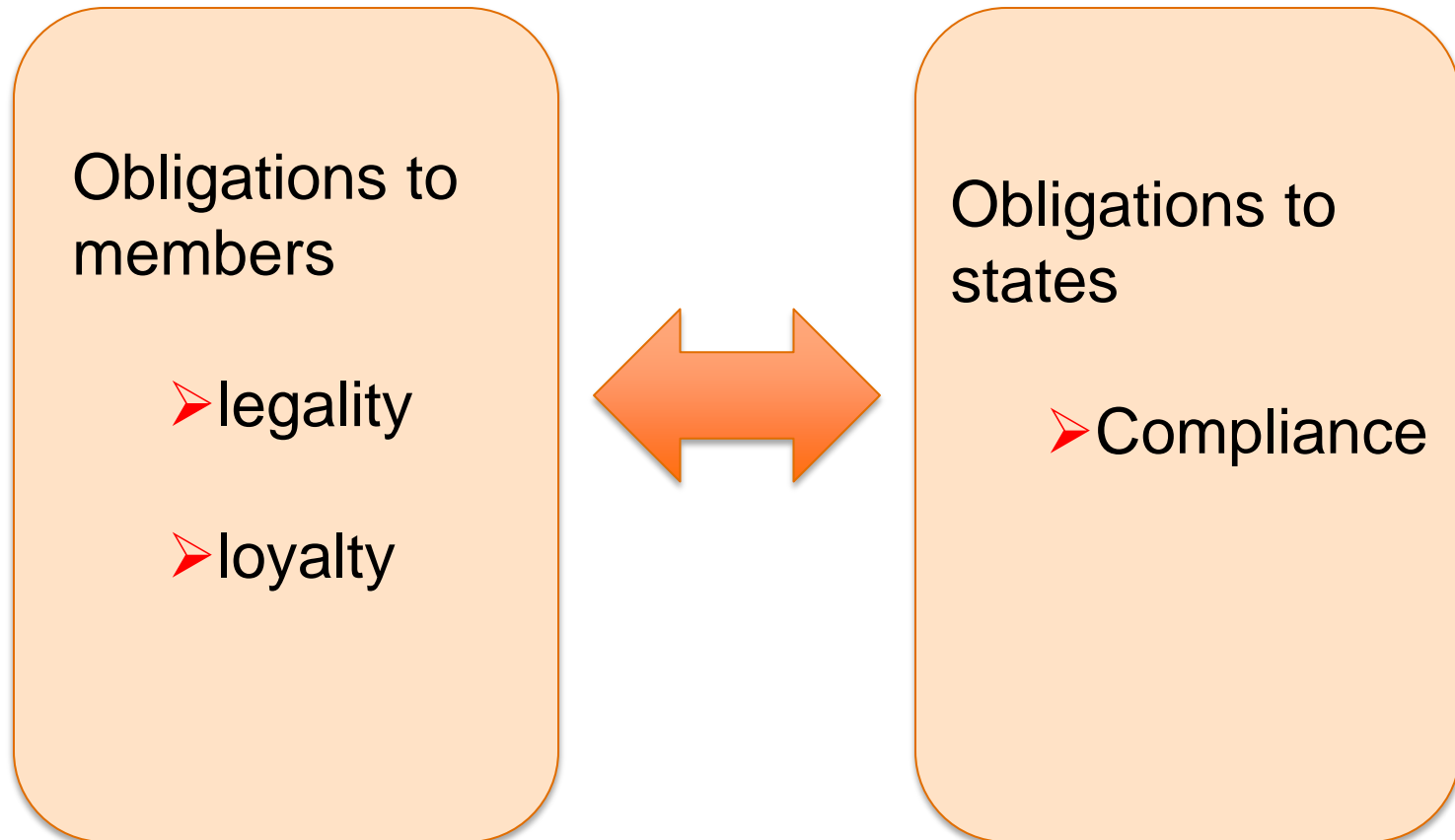
➤ Cesser?

\ Iran Sanctions - Insurance



Members trading to Iran must note that Sanctions regulations applicable to the Association significantly limit the assistance which the Association is able to provide to members who face claims which involve Iranian claimants. This can be the case even if the members are engaged on a trade which is in itself lawful. Members trading to Iran therefore run the serious risk that if they face any claims, the Association may be unable to provide security or make payments to claimants.

\ Sanctions – The Club as Enforcer



\ Sanctions - Defences

Defences

- "did not know, and had no reasonable cause to suspect, that their actions would infringe these prohibitions..."

EU 267/2012

- "the person has exercised due diligence in establishing and enforcing official policies, procedures, and controls"

US CISADA

\ Sanctions – Compliance

❑ targeted entities & individuals

- including owned/controlled/directed by...

❑ targeted cargoes and trades

➤ due diligence procedures

- understanding at all levels that it's serious
- red flags
- getting advice
 - internal
 - external
- document it!



\ Sanctions – Compliance

How much due diligence is enough?

- What information do we seek from
 - owners?
 - external sources?

- What information is available to
 - States?
 - news agencies?
 - NGOs?

\ Sanctions – Compliance

Information
imbalance?

UNITED AGAINST NUCLEAR IRAN

JOIN *the cause*
Sign the petition and receive action alerts
your email address

About Us Use the IBR Grassroots Resources Initiatives Campaigns Legislation Press **Donate**

join us on:    



"The biggest active lobby against Iran is United Against Nuclear Iran"

Iranian Foreign Minister Mohammad Javad Zarif



- ▶ **UANI's Most Wanted**
- ▶ **MINERVA System**
- ▶ **Corruption & Mismanagement Index**
- ▶ **Rouhani's First 100 Days**
- ▶ **HASSAN ROUHANI: In His Own Words**

UANI IN THE NEWS | [more news](#)



OCT 15 | *New York Times*
In New Nuclear Talks, Technological Gains by Iran Pose Challenges to the West



OCT 14 | *Time Magazine*
Obama's Top WMD Ex-Official on the Iran Nuclear Talks



OCT 07 | *Time Magazine*
Behind Iran's Charm Offensive



OCT 04 | *Times of Israel*
A peek into Rouhani's NY hotel room? No sir, we'd get in trouble

UANI's MINERVA System: Tracking Iranian Vessels 24/7



\ Sanctions – Compliance

➤ Is there a breach of sanctions?

➤ Complexity

➤ Grey areas

➤ Factual uncertainty

➤ Risk of enforcement

➤ Reputational damage

\ Sanctions – prospects for change?



SANCTIONS

THE END

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