The Cool Connection scenario's

Scenario 5: indirectly making available economic resources to a sanctioned person, who is an ultimate beneficial owner of a Belarusian trading company

Context
Juri Aliksandr Vimanov is sanctioned by the EU in 2006 due to his active involvement in the repression of civil society in Belarus. As a former Deputy Head of the KGB, in charge of the staff and the organisation of their tasks, he was responsible for the repressive activity of the KGB against civil society and democratic opposition.

Vimanov's is owner of several Belarusian companies through his holding company. Vimanov indireclty owns 95% of the shares of Bilnaft Trading LLC, a Minsk company that is one of the main importers of personal care products and perfumes in Eastern Europe, that are sold-on in the Belarusian, Russian and Ukrainian retail market.

Issue:
1. Making economic resources available directly or indirectly to sanctioned / listed persons is not allowed according to EU sanctions on Belarus;
2. the making available of funds or economic resources to non-listed legal persons or entities which are owned or controlled by a listed person or entity will in principle be considered as making them indirectly available to the latter
3. *Ownership:* the criterion to be taken into account when assessing whether a legal person or entity is owned by another person or entity is the possession of more than 50% of the proprietary rights of an entity or having majority interest in it. If this criterion is satisfied, it is considered that the legal person or entity is owned by another person or entity.
4. Economic resources means assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services.
5. TCC has violated EU sanctions on Belarus and cannot further deliver its products to Bilnaft Trading LLC anymore.

Phase 1:
Służba Celna, the Polish customs law enforcement agency, seized 3 truckloads TCC products, market value around €3,2 mln, at the Polish – Belarus border. This shipment was meant for Bilnaft Trading LLC logistics center in Minsk. According to the Polish authorities necessary authorizations were missing in the export documentation handed over by the truck drivers. TCC's logistics service provider informed TCC that the shipment will not be released before investigations by the Polish authorities have been finalized. ~~The logistic service provider also stated that Polish authorities have informed Dutch law enforcers who are probably preparing investigations of TCC's sales activities to the Eastern Europe market.~~

TCC's management asks for immediate action from you and persists in delivering TCC products to Bilnaft via Czech Republic, Slovakia and Ukraine. ~~the In order to control the damage, the management inquires whether it should consider to immediate cancel and s~~Suspension of~~d~~ all sales activities and existing contracts with Eastern Europe will be costly. Legal claims may amount to tens of millions of Euro. Cancellation of sales activities means the cancellation of all further marketing efforts in the Russian and Ukrainian market, which investments have accrued to over €10 million.

Phase 2:
The alternative shipment of TCC products to Bilnaft via Czech Republic, Slovakia and Ukraine is also seized by the Slovakian customs authorities at the Slovakian – Ukrainian border. TCC's logistic service provider informed TCC that also this shipment will not be released in the short term. In the meantime, the logistic service provider has stated that the Polish and Slovakian authorities have informed the Dutch law enforcement, who are ~~probably~~ preparing investigations of TCC's sales activities to the Eastern Europe market.

Dutch law enforcement requests for further information and explanation of TCC's sales to Bilnaft Trading LLC, as of the start of TCC's engagement with Bilnaft Trading LLC in 2009. TCC's management and sales department has become aware that Bilnaft Trading LLC is indirectly owned by Juri Aliksandr Vimanov.

Vimanov is sanctioned by the EU in 2006 due to his active involvement in the repression of civil society in Belarus. As a former Deputy Head of the KGB, in charge of the staff and the organisation of their tasks, he was responsible for the repressive activity of the KGB against civil society and democratic opposition. He is also one of the main financial sponsors of the Lukashenka regime which moneys originate from Vimanov's business and investment activities.Vimanov's is owner of several Belarusian companies through his holding company. Vimanov indireclty owns 95% of the shares of Bilnaft Trading LLC.

TCC's management first response to the Dutch law enforcement was that Bilnaft Trading LLC is a company of good name and fame and is serviced by several European suppliers of luxury shampoos and personal care products. The management also argued that Bilnaft Trading LLC is not listed on the EU sanctions list. The Dutch authorities state that delivering goods to Bilnaft implies making economic resources available indirectly to a sanctioned person which is forbidden under the applicable EU and Dutch sanction regulations. ~~and~~ .

TCC has ~~The management asks you to take the lead in~~agreed with Dutch authorities to conduct look-back investigations which also implies~~, taking~~ that immediate remediating actions have to be taken and ~~organizing the~~ responses to the law enforcers have to be prepared. (i.e. remediating actions may be: 1) suspension of all sales activities and existing contracts with Eastern Europe in order to save compliance costs and avoid risks: this alternative will result in a loss for TCC of tens of millions of Euro; 2) set up an internal compliance program and engage with an alternative trading company in the region in a compliant way in order to further sell TCC products in that local market and consolidate its market position, sales and financial results)

It has become clear that ~~and solve~~ the situation with the seized truck loads sitting at the Polish – Belarus border and Slovakian – Ukrainian border will last longer than the preservation time of TCC's products. TCC has to write-off the shipments resulting in an immediate loss of €7 million~~. The management requests an alternative solution from you for TCC to distribute and sell TCC's products in Belarus, Russia and Ukrain.~~

Phase 3:
An alternative Russian trading company "Hairdov" has been proposed to you by the sales department that they seem fit, based on some occasional exports as of 2010. In fact they have seen other local wholesale companies that might be beneficial to TCC to further open up the East European market and gain market share.

The management asks you to design and implement compliance measures that TCC, and in particular the sales department, has to take into account in order to assure sustainable presence and further penetration of the East European shampoo market.

News Cliping

Lukashenko angles for better EU ties- Hoofdinhoud

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Auteur: Andrew Rettman

On paper still Europe's biggest pariah, the Belarusian leader is keen to use the Minsk summit to boost popularity at home and mend fences with the EU.

The last time an EU leader visited Minsk was Italy's Silvio Berlusconi i in 2009 to sign arms and energy deals.

The last time any European VIP was there was when the German and Polish foreign ministers went in 2010 with an offer of €3 billion in aid in return for reforms.

Then, on 19 December the same year, following a rigged election, his security services beat protesters in the streets and threw opposition leaders in jail.

The EU reacted by expanding its blacklists.

It currently has a visa ban and asset freeze on 201 individuals and 18 entities. Alexander Lukashenko, the Belarusian president, is himself persona non grata since 2006 (barring a brief spell between 2008 and 2010).
By contrast, Russia's war on Ukraine has seen 132 people and 28 entities listed so far. Russian president Vladimir Putin has not been listed.
But on Wednesday, Belarusian state media showed Lukashenko shaking hands with German chancellor Angela Merkel at his palace.
He also met French president Francois Hollande, as well as the Ukrainian and Russian leaders, and was to take part in a joint press briefing in his cavernous auditorium. One of his TV headlines said "the visit by key leaders of European states is a victory for Belarusian diplomacy".

The Minsk summit on the Ukraine conflict is taking place ahead of Belarusian presidential elections in November.

But the elections, and the regional context, are different compared to five years ago.

The opposition camp is more fragmented and demoralised - some in the opposition even say it would be good for Lukashenko to win because a transition at this time would help Russia to increase influence.

Meanwhile, Lukashenko's relations with Putin have hit a low.

The Belarusian leader has refused to recognise Russia's annexation of Crimea, spoken in defence of Ukraine's territorial integrity, and refused to join Russia's ban on EU food exports.

He has also cultivated good relations with the pro-Western government in Kiev and better relations with the US.

Whether it is just a gambit to extort extra Russian subsidies is hard to say.

But there is concern in Minsk that Putin's neo-imperialism could see a Ukraine-type scenario in Belarus, which also hosts a large Russian-speaking minority.

Lukashenko has launched a purge on pro-Russian elements in his nomenklatura.

He has passed a law saying that sending "armed groups, irregular armed forces, [or] mercenary groups" into Belarus - Putin's little green men - would be considered an act of war.

He has also turned a blind eye to Belarusian nationalists who have gone to fight on the Ukrainian side in east Ukraine, where they can acquire weapons and combat experience which can be used in guerrilla warfare in the event of a Russian incursion at home.

At the same time, the economic crisis in Russia is changing its own calculations.

"At the moment, as of last Sunday, Lukashenko is asking Putin for $2.5 billion in return for his loyalty", Andrei Abozau, a Belarusian dissident living in Estonia, told EUobserver.

"None of this is about protecting Belarusian sovereignty. It's about staying in power and getting the money he needs to keep power in his system of patronage", he added.

For its part, Merkel's office said on Monday Lukashenko should expect nothing in return for hosting the Ukraine event.

Her spokesman, Steffen Seibert, said there is no change in the government's position on Belarus.

He said "We are grateful [for the summit] and I'm sure he'll extend the whole of Belarusian hospitality toward his guests".

He added that "Belarus is a large and important country in the middle of Europe" and that if it falls in line with EU values "then, I think anything is possible".

But he noted: "There is no … coupling of the role of Belarus as a host of the Minsk talks on the one hand and some kind of concessions on Belarus in its bilateral relationship with Germany or the European Union on the other".

An EU diplomat dealing with Belarus, who spoke on condition of anonymity, was less categorical.

“We’ve had some discussion that we have to reward Belarus for its position on Ukraine and for the fact it released some political prisoners,” the contact said.

He noted the EU recently delisted a handful of Belarusian officials and opted not to add new names.

He also said EU countries are trying to “ease access for the Belarusian government to EU financial markets so they can borrow money to meet their needs and not rely so much on one source [Russia]. We’re sending messages to European firms that if they enter into contracts they won’t somehow be penalised under the sanctions regime”.

For Abozau, the test will come in Riga in May when Latvia hosts post-Soviet and EU leaders in the so-called Eastern Partnership summit.

“What he [Lukashenko] wants is to be invited, but not to actually go, so that he can show Moscow he has new support in the West”.

The EU diplomat noted that Belarus would, at the least, have to release all remaining political prisoners to get an invitation.

But he added “ultimately, it will be Latvia’s decision, and I’m not sure they would want to take the risk that if he comes the whole event ends up being about ‘the last dictator in Europe’,” referring to a US name for Lukashenko, which it used in 2005 and which stuck ever since.

EU sanctions causing pain for Lukashenko [illegible]

Source: EUobserver (EUOBSERVER), published on Friday, November 11 2011, 18:06.

BRUSSELS - EU countries are busy probing who else to hit with sanctions in President Aleksander Lukashanko's nomenklatura. But the existing blacklist of 245 people is already causing discontent inside his ranks.

"There are still plenty of people left to add. The heads of mission in Minsk are working all the time, sending lists of names to Brussels ... New names could appear on the [sanctions] list in the next few days or weeks," an EU diplomat said.

Some potential targets include members of the government said to have direct involvement in Lukashenko's private money-making schemes: Prime Minister Mikhail Myasnikovich, deputy prime minister Vladimir Semashko and border guard chief Igor Raczkowski.

Belarusian oligarchs believed to pay tithes to Lukashenko in return for permission to do business are also in the firing line. The roll call includes: Yury Chizh, who runs the Triple group of companies active in chemicals, health spas and retail; construction baron Alexander Shakutin; tobacco and retail millionaire Paul Topuzidis; and milk and seafood trader Aleksander Moshensky.

Day-to-day bullying of opposition activists is seen as enough reason by EU countries to keep turning the screw. But a tough reaction is almost inevitable if Lukashenko adds Ales Bilalitski - a prominent human rights campaigner on trial for receiving foreign money - to his set of 15 political prisoners.

Some believe the EU sanctions are not causing the 57-year-old leader to lose much sleep - Dzianis Melyantsou, an analyst at the Minsk-based Belarusian Institute for Strategic Studies, said officials on the EU blacklist see it as a "manifestation of the highest loyalty towards the president."

And there are many ways for Lukashenko to avoid losing income from the EU's asset freezes and commercial bans.

His sons, Dmitry and Viktor, are on the EU blacklist. But their positions on the National Olympic Committee of Belarus - not covered by EU sanctions - gives them access to money laundering structures. Opposition media also reports that Viktor's wife, Liliya Lukashenko, is using the Cyprus-registered firm, Eastleigh Trading, to secretly invest family money in Minsk real estate.

One EU ambassador in Minsk said the sanctions regime is causing discontent, however.

"There is a symbolic aspect - people feel marked out as having done something wrong," the contact said. "It is working: They cannot go to Vilnius, to Warsaw or other EU cities to accompany their husbands or wives for shopping. People are angry because they think they are suffering due to someone else's policies."

In one marker of effectiveness at least three people on the EU blacklist have hired lawyers to lodge appeals at the EU court in Luxembourg. One of them, oligarch Dmitry Peftiev, whose has business interests in the EU were hit in June, is spending big money on top Lithuanian law firm Lawin to fight his case.

An oppositon activist who asked to remain anonymous told this website: "The oligarchs use Lukashenko as a shield for their operations. As soon as he becomes a problem for them, or no longer useful, they will kick him out ... the question is, who cold replace him?"

The Bilalitski case aside, diplomats also noted that Lukashenko has changed tactics in an attempt to get under the EU radar. One contact said: "Instead of jailing people for years at a time, police are arresting them for three days or 10 days, letting them go, then arresting them again. The thinking is it is not enough of a big enough deal for us to react. But how can you anybody live like this?"

The nuclear option is to go for economic sanctions against major exporters to the EU such as fertiliser firm Belaruskali and oil products company Belnaftakhim.

It is not on the cards for now, not least because EU countries Germany, the Netherlands, Latvia, Lithuania and Poland do big business with Belarus - worth over €6 billion last year.

The mantra of the anti-economic-sanctions group in the EU is that the measures would hurt ordinary Belarusians. But opposition activists do not buy the line.

"This is the same thing that Lukashenko's lobbying firms in Europe are saying. But it's not true. Belarusians already have such a tough situation that if they have to live on $50 a month instead of $100 it would not be a problem for them. It would be a problem for the nomenklatura, who use this money to distribute favours and influence," independent Belarusian journalist Pavel Marozau said.

Marozau noted that the main impact on ordinary people from EU sanctions so far is on hunters and sportsmen who used to buy rifles in Lithuania but who now have to get their Lithuanian friends to buy the equipment for them instead.

Scenario 6: sell to distributor/ agent which sells on TCC products to sanctioned countries

<u>Context:</u>
TCC has launched a range under its +++shampoo for Middle Eastern women in 2012 who cover their hair under a veil, making their hair prone to friction, which, in turn, increases the frequency of damage. Similarly, TCC entered in the African colour cosmetics market in 2014 with ===shampoo, which is known to have deeper penetration among ethnic women due to the brand's wide range of pigmentation, which blends well with ethnic skin tone. ~~The ingredients for the pigmentation are a substantial component of ===shampoo.~~ Oils used as the carrier in +++shampoo and pigmentation used in ===shampoo are purchased centrally by TCC from a US supplier in Florida.

For the sale and distribution of +++ shampoo and ===shampoo in the Middle East and North African region, TCC sells its products to Puls500+ trading company. Puls 500+ head office is domiciled in Abu Dhabi in the UAE and has branches and representative offices in Kuwait, Egypt, Libya, Morocco, Lebanon, Yemen, Syria, Iraq and Iran. Puls500+ sells on TCC products to local distributors in these countries.

Issue:

1. Applicability and extraterritorial effect of US sanctions:

   a. the reexportation from a third country, directly or indirectly, by a person other than a United States person, of any goods, technology, or services that have been exported from the United States is prohibited, if undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran;
   b. The exportation or reexportation of items to Syria from the United States or by a U.S. person, wherever located, to the Government of Syria or any other person whose property and interests in property are blocked pursuant to §542.201(a), and all transactions ordinarily incident thereto, are authorized, provided that the exportation or reexportation of such items to Syria is licensed or otherwise authorized by the Department of Commerce.
   c. Reexport restrictions to persons / entities designated as terrorists
2. EU sanctions:
   a. Making economic resources available directly or indirectly to sanctioned / listed persons is not allowed according to EU sanctions on Egypt, Iran, Iraq, Syria, Lebanon, Yemen
   b. Economic resources means assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services.
   c. Prohibition to export luxury goods to Syria, i.e. perfumes and toilet waters exceeding a sales price of EUR 70 per 50 ml and cosmetics, including beauty and make-up products exceeding a sales price of EUR 70 each (http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02012R0036-20151014&qid=1451990007846&from=NL ; ANNEX X sub 6 to Council regulation 36/2012 consolidated version)
   ~~c.~~

Phase 1
TCC's bank inquires with TCC in which extent TCC's activities in MENA involve countries subject to US and EU sanctions. Based on an incoming EUR payment from Puls500+, which payment message referred to a shipment to Puls500+ Iran office in the explanatory field, TCC's bank suspects that incoming payments on TCC's EUR and USD account originating from Puls500+ in Abu Dhabi, in fact originate from sanctioned countries. TCC's bank is in particular concerned about the involvement of US and EU sanctioned parties in the TCC sales activities in MENA and in the financial settlement of these transactions. TCC has agreed with the bank, regarding the provisioning of financing and financial services to TCC, not to involve the bank in activities involving EU and US sanctioned countries, persons and entities.
The bank requires this information within the coming week, otherwise it will consider to suspend all account and payment services, not to renew working capital facilities that are about to mature, to end existing credit facilities and to unwind outstanding FX contracts and interest rate swaps.

The sales statistics of the last two years, which report transaction volumes and value, differentiated per client, per country, do not explicitly reveal that deliveries to Puls500+ involved deliveries to Puls 500+ in Iran, Syria, Egypt, Libya and Yemen. According to the Sales Director MENA it is however very likely that deliveries to Puls500+ ended up in these countries. He also finds that TCC's responsibility should end somewhere and that it is practically impossible to track all sales transactions and deliveries to Plus500+ Abu Dhabi to their final end-destinations.

~~The management asks you to contact the bank immediately and convince them that TCC has done nothing wrong~~.
Alternative 1: TCC decides to end the bank relation and to open new accounts and credit lines with another bank
Alternative 2: continue existing bank relationship (and further investigates transactions in the past and investigate possible violations of US and EU regulations), take compliance measures and make arrangements with Pulse 500+ in order to assure legitimate transactions;
Alternative 3: continue existing bank relationship and do nothing (i.e. provide general information but still no transparency)

Phase 2:

Alternative 1: TCC opened new accounts, continued credit lines and treasury facilities with another bank. TCC motivated the changing the banking relationship by stating that the new bank has more attractive service levels and rates for their financing and financial services. TCC continues to sell products to Pulse 500+ on an ongoing base without taking any further action;

Alternative 2: TCC informs their bank that it will cooperate and provide insight into the end-destinations and end-users of their products in the MENA region in order to evidence legitimacy of the transactions. TCC needs more time to conduct further investigation and engage with Pulse 500+ in order to get the necessary information. Puls500+ is open to provide the information after TCC has reached an understanding with them not to approach the MENA market directly themselves. This arrangement solved Puls500+'s concern that it would be carved out by TCC form the supply chain and that it would lose business and position in the MENA region to TCC. Puls500+ has the same interest as TCC in complying with US and EU sanctions and embargos in order to build a sustainable supply chain and willing to cooperate.

Alternative 3: TCC informs their bank that TCC's responsibility is limited to the sales activities of TCC products with Pulse 500+ and that it cannot take responsibility for Pulse 500+ onward sales activities. In addition to that, TCC emphasizes that it is practically impossible for TCC to check the end destinations and end-users for all shipments to Pulse 500+. TCC states that it will not provide any further information and will take legal action in case the bank will suspend their financing and financial services.

~~Puls500+ is not willing to provide information on the identities and destinations of their clients that buy TCC's products. Puls500+ is concerned that TCC will carve out Puls500+ from the supply chain and that it will lose its business and position in the market to TCC.~~

Phase 3:

~~Compliance measures regarding distributors / agents~~

Alternative 1: The new bank has followed up TCC's motivation for changing banking relationship and has made further inquiries with TCC's previous bank. TCC's previous bank informed the new bank that it has ended the relationship with TCC, based on TCC's reluctance to provide further information on the legitimacy of their MENA activities having regard to applicable sanction regulations. The new bank requires full insight into TCC's MENA activities and has immediately suspended account and payment services as well as working capital facilities and treasury positions directly related to TCC's MENA activities, practically stopping TCC's activities in the MENA region.

Alternative 2: TCC further investigated the matter. Puls500+ provided an overview of its sales activities involving TCC products for the past years in the MENA region. The sales overview showed no sales to US nor EU sanctioned countries, except for one sale by its Iranian representative of a package of 40 sample bottles ===shampoo, each containing 20ml, for €15 a bottle to an Iranian privately held sales agent. Further explanation by Plus500+ of its Iranian sales activities reveals that Plus500+ has sized down its Iranian branch as of 2009 to one sales representative whose main task is to maintain relationships with local business, with an eye to possible release of Iranian sanctions in the near future.
Since 2009 sales activities of Puls500+ with Iran are nihil. Puls500+ has stated not to conduct any sales activities to Syria and / or Iraq at the moment. TCC screened and conducted further investigations into the names of the persons and entities involved in the Puls500+ sales activities in Lebanon, Yemen, Egypt, Libya and Morocco and found no indications for the involvement of US or EU sanctioned persons or entities. TCC and Puls500+ have reached an understanding that Puls500+ will not involve TCC and its products in any sales activity involving Iran, Syria or Iraq without notifying TCC and enable TCC to analyze possible impact of US and EU sanctions. In addition to that, Puls500+ will inform TCC of changes in its customer base that buy TCC products, in order to enable TCC to determine possible prohibitions and /or restrictions related to US and EU export controls and sanctions.

This sales transaction by Plus500+ involving Iran explains the incoming payment into the bank account of TCC referencing Iran.
Further investigation by TCC of the impact of US and EU export controls and sanctions resulted in the following findings.

According to the US export control regulations, the US items incorporated in the +++ and ===Shampoo are not listed on the US dual list. When incorporated in foreign made products, US export controls and US sanctions require a license for the re-export of these US origin item in case an embargoed destination (e.g. Iran, Syria) is involved and the US origin item is valued more than 10% of the total value of the foreign-made commodity. Also US export controls and US sanctions prohibit or restrict the (re-)export of US origin items to targeted persons and entities.

TCC determined that although the US origin ingredients are significant for the functioning of the Shampoo, their value is less than 2% each of the total value of TCC's products, including the sample bottles. Also, Puls500+'s transaction with Iran did not involve a US sanctioned or any other person or entity targeted by a US government agency. TCC concludes that no violation of US export controls and sanctions occurred or are likely to occur.

Regarding the EU sanctions on Iran, TCC found no restrictions regarding the export to Iran and no EU sanctioned persons or entities involved in export or in the related payment thereof.

Alternative 3: TCC's bank has informed TCC that it will cease its provisioning of finance and financial services with immediate effect and that it will unwind existing credit lines and treasury positions.

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Guidance on Due Diligence to Prevent Unauthorized Transshipment/Reexport of Controlled Items to Russia

- | Print |

Details

In consideration of the ongoing situation in Crimea, US DoC BIS has imposed export restrictions targeted at Russia's energy and defense sectors.

BIS remains concerned about efforts by front companies and other intermediaries, who are not the true final end users, to transship or reexport U.S.-origin items to the Russian Federation in violation of these measures and other export controls. Even prior to the imposition of restrictions based on the situation in Crimea, front companies and other intermediaries obtained U.S.-origin items that may require a license to Russia through intermediate countries subject to a more favorable licensing policy under the Export Administration Regulations (EAR). A salient example is Wassenaar Arrangement dual-use items controlled under the EAR.

Therefore, BIS is providing additional guidance to exporters to prevent unauthorized reexports to Russia, especially for transactions involving controlled items or items listed in Supplement No. 2 to Part 744 of the EAR, which lists items that are subject to the military end use license requirement. As described in Supplement No. 3 to Part 732 of the EAR, whenever a person who is clearly not going to be using the item for its intended end use (e.g., a freight forwarder) is listed as an export item's final destination, the exporter has an affirmative duty to inquire about the end use, end user, and ultimate destination of the item to ensure the transaction complies with the EAR. In addition, the exporter should pay attention to any information that may indicate an unlawful diversion is planned. This may include discrepancies in the destination country and the country from which an order is placed or payment is made.

When inquiring into the ultimate destination of the item, an exporter should consider e-mail address and telephone number country codes and languages used in communications from customers or on a customer's website. The exporter should also research the intermediate and ultimate consignees and purchaser, as well as their addresses, using business registers, company profiles, websites, and other resources.

Exporters should always screen their customers against the screening lists.).

Furthermore, exporters should pay attention to the countries a freight forwarder serves, as well as the industry sectors a

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heeft opmaak toegepast: Lettertype: (Standaard) Arial, 10 pt

heeft opmaak toegepast: Lettertype: (Standaard) Arial, 10 pt distributor or other non-end user customer supplies. The exporter should then determine whether a license is required based on the likely country of ultimate destination and end use and end user. The exporter should consider not only the list-based license requirements but also the end use and end user controls and the embargoes and special controls in Part 746. If the exporter continues to have any doubts or concerns surrounding the end use, end user, or country of ultimate destination after exercising due diligence, the exporter should present all relevant information to BIS in the form of a license application or refrain from the transaction.

Export controls are a shared responsibility between government and industry. If you have any concerns about suspicious inquiries that come to your firm, you are encouraged to contact your local BIS Export Enforcement Office.

Engineering Dynamics, Inc. / James Angehr / John Fowler / Nelson Galgoul

TheViolation: Beginning in March 1995 and continuing through February 2007, James Angehr and John Fowler, owners of Engineering Dynamics Inc., a Louisiana company that produced ECCN 8D992 software to design offshore oil and gas structures, exported and attempted to export software to Iran through a co-conspirator in Brazil without having first obtained the required authorization from the U.S. Government. On April 24, 2008, Angehr and Fowler pled guilty to charges that they conspired to violate U.S. export licensing requirements in connection with this export. Nelson Galgoul, director of the Brazilian engineering company Suporte, acted as an agent for Engineering Dynamics Inc. in the marketing and support of this software and trained users of the software in Iran. On August 2, 2007, Galgoul pled guilty to exporting and attempting to export controlled engineering software to Iran without the required U.S. authorization. This case resulted from a joint investigation conducted by BIS's Houston Resident Office, ICE, and the FBI. The Penalty: On August 7, 2008, Angehr and Fowler were sentenced to five years of probation. Angehr was additionally sentenced to six months of confinement in a halfway house, and Fowler was sentenced to four months of confinement in a halfway house. Each defendant was fined $250,000, and ordered to forfeit $218,583. On May 22, 2008, Galgoul was sentenced to 13 months in prison, three years of supervised release, a $100,000 criminal fine, and a $109,291 forfeiture for his part in the conspiracy. On April 18, 2008, Engineering Dynamics, Inc. agreed to pay a civil penalty of $132,791. In addition to the civil penalty paid to BIS, Engineering Dynamics Inc. paid an additional $132,791 to OFAC. Additionally, on December 30, 2011, the Assistant Secretary of Commerce for Export Enforcement issued a Final Order denying Galgoul's export privileges for a period of three years.

Scenario 7: Payment to TCC is blocked due to involvement of a sanctioned bank in the financial settlement of an export by TCC to a country subject to sanctions

<u>Context:</u>
TCC occasionally exports products to the Russian Federation to Hairdov. Hairdov's bank, AKB MBank, rolled over a bank guarantee in January 2014, on request of the Hairdov, for the amount of USD1,9 million to the benefit of TCC for securing future payments by the Hairdov for TCC exports. TCC and Hairdov agreed in the past to settle TCC export transactions in USD.
This week, AKB MBank is sanctioned by the US authorities due to its indirect involvement in the support of Russian annexation of Crimea. The United Nations Security Council and the EU's member states, based on the Common Foreign and Security Policy, have not issued any restrictions or prohibitions regarding AKB MBank or persons related to that bank.

Issues:

1. Payment transactions involving US nexus are subject to US jurisdiction with respect to US sanction regulations. US nexus implies (i) USD payments (which settlement will involve US persons "down the line"), (ii) involvement of US persons, (iii) involvement of US origin items, (iv) involvement of US terrority. Non-US financial institutions executing USD will cause (in the end) an US person to violate US sanctions and therefore may risk law enforcement by US authorities. Non-US financial institutions will, therefore, not facilitate the execution of incoming USD payments involving a person / entity sanctioned by US authorities. The non-US financial institution will most probably reject the incoming payment order and, in case it

already received the funds, suspend the funds (i.e. no forwarding of the funds nor returning the funds to the sanction person / entity);

2. Payment transactions that do not involve US nexus will not be subject to US jurisdiction. In case EU / local sanction regulations do not prohibit or restrict payment transaction, financial institutions will execute the payment.

Phase 1: AKB MBank is sanctioned by US authorities this week.

Alternative 1: TCC does not take any action because no US person is involved in the transaction.

Alternative 2: TCC engages with Hairdov to reconsider the agreement on the settlement of the export transactions in USD (and agree to settle in EUR or other currency) and / or agree to involve another, non-sanctioned US / EU bank.

Phase 2:
Alternative 1: Hairdov's attempt to pay TCC via AKB MBank in USD results in the rejection of the payment and suspension of the funds by AKB MBank's correspondents. Because the payment guarantee is denominated in USD, payment under the guarantee (due to non-performance of the regular payment) is also rejected and suspended as well by AKB MBank's correspondent banks. The result will be that TCC will not receive the money and Hairdov argues that it has fulfilled its payment obligations. TCC takes a loss for the amount of the transaction

Alternative 2: Due to the restructuring of the settlement of the payment of TCC export transactions, both Hairdov and TCC do not face any restrictions due to US sanctions.

Deutsche Bank to pay $258m penalty for violating US sanctions

By Kedar Grandhi

November 5, 2015 06:46 GMT

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Deutsche Bank to pay penalty to settle charges that it conducted business on behalf of entities in US-sanctioned countries such as Iran and Syria Reuters

Deutsche Bank has agreed to pay $258m (£167.7m, €237.3m) as penalties to settle charges for conducting business on behalf of entities in US-sanctioned countries. The fines are payable to the New York Department of Financial Services (NYDFS) and the US Federal Reserve. Of the total fine, $200m will be paid to NYDFS and the remaining to the Fed.

The US government prohibits doing business in countries such as Iran, Syria, Libya and Sudan as they are considered havens for possible terrorist financing. The penalty was charged as the US had identified a number of Deutsche Bank customers as acting on behalf of those sanctioned countries, the regulators said.

Between the years 1999 and 2006, Deutsche did business to the tune of $10.9bn in clearing transactions for the customers, using "non-transparent methods and practices" to shield them from scrutiny, NYDFS said. Apart from the monetary penalty, the settlement requires the German bank to sack six employees and hire an independent monitor.

A Deutsche Bank spokeswoman said, "The conduct ceased several years ago, and since then we have terminated all business with parties from the countries involved." This settlement, which was announced yesterday (4 November), is the latest in a series of crackdowns by American authorities on European headquartered banks that have allegedly conducted business with countries under US sanctions.

Examples of other banks that have been fined for violating US sanctions include, French bankBNP Paribas that paid about $9bn, Credit Agricole, another French bank, which was fined about $787m in October, Commerzbank, Credit Suisse Group, HSBC Holdings, Barclays, and Standard Chartered.

How the restricted transactions were conducted

To mask the restricted transactions, the German bank used several methods such as 'wire stripping' and 'cover payments'. Under the former, its overseas employees handling payment messages would remove any information indicating a connection to a sanctioned party from the message before passing it on to a corresponding US bank. In the cover payments method, employees would send two payment messages, one that included all the details and the other that did not include details about the underlying parties to the transaction.

Scenario 8: Delivery to state owned hospital that is sanctioned under applicable sanction regulations

TCC is approached by a Singaporean shipping company “Chinpo Shipping” to deliver €7 million worth of TCC finest and luxurious shampoos to an healthcare organization named Kwaksong, located in Shenyang near the Chinese – North Korean border. According to Chinpo Shipping, Kwaksong will sell TCC products to persons in the region for medical treatment of skin diseases. TCC’s products ordered, including their ingredients, do not have any medical application or medical claim. Payment to TCC will be arranged by Cinpo Shipping via a company in United Arab Emirates using a local money exchange office.

Issues:

a. prohibition to sell, supply, transfer or export, directly or indirectly, luxury goods, to North Korea
b. initiating a false authorization to making available economic resources, necessary to satisfy the basic needs of natural or legal persons, entities or bodies listed in Annex IV, V or Va and dependent family members of such natural persons, including (payments for) foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges

Phase 1: TCC is approached by a Singaporean shipping company “Chinpo Shipping” to deliver €7 million worth of TCC’s finest and most luxurious shampoos to an healthcare organization named Kwaksong, located in Shenyang, China, near the Chinese – North Korean border.

Alternative 1: TCC does not accept the sales order (due to indications of violations of EU sanctions on North Korea in particular the prohibition to sell, supply, transfer or export, directly or indirectly, luxury goods, to North Korea. Kwaksong and Chinpo Shipping may be front companies used by North Korean sanctioned entities to circumvent UN, EU, US and other local sanctions).

Alternative 2: TCC accepts the sales order and accounts for an initial return/ result.

Phase 2:

Outcome alternative 2: TCC's bank informs TCC that it is notified by its correspondent bank in Turkey that TCC's bank will receive funds for the benefit of TCC, ordered by an UEA trading company, and initiated by a local, unknown money exchange office in UEA. TCC's bank inquires for further information on:

- company Kwaksong that, according to the bank, has no public information on its owners but seem to be related to the North Korean Third Chemical Joint Venture Company. The Third Chemical Jint Venture Company is sanctioned by the EU.
- Chinpo Shipping that is co-located in Singapore with the North Korean Embassy and according to public sources, Chinpo Shipping has acted as agent for North Korean based company.

Alternative 2a: TCC claims that the incoming payment is related to the shipment of medicines to China.

Alternative 2b: TCC further investigates parties involved and finds more information evidencing TCC's bank indications for sanctions evasion. TCC unwinds the transaction, order its bank to refuse payment and informs Dutch authorities.

Phase 3:

Alternative 2a: TCC's bank reports the transaction to the Financial Intelligence Unit (FIU) and law enforcement initiaties investigation of the transaction with TCC ultimately accusing TCC of sanction evasion.

Singapore shipping agent guilty of acting as middleman for North Korea nuclear program

ANNA FIFIELD AND MONICA MILLER, WASHINGTON POST | December 15, 2015 10:33 AM ET

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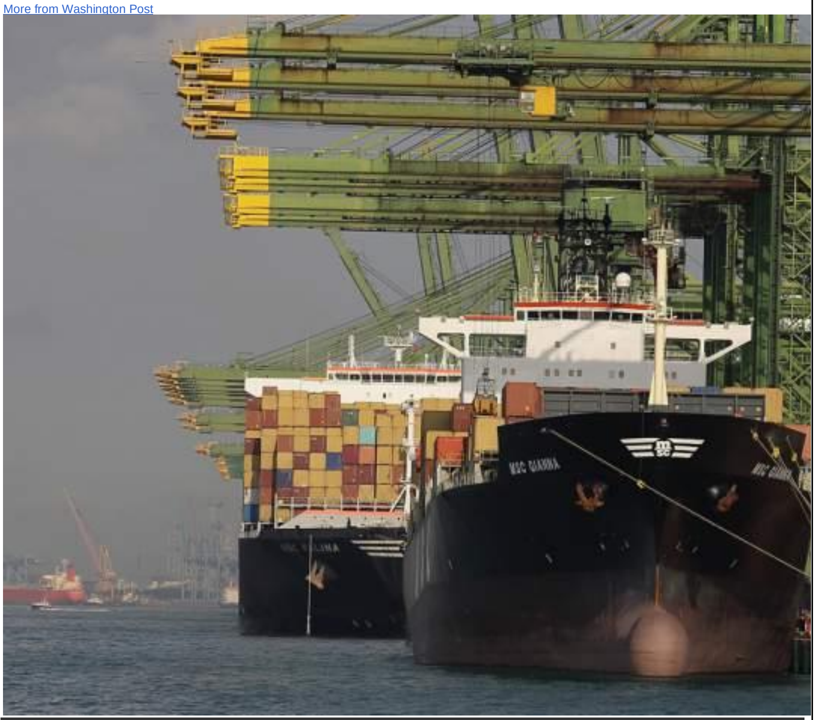


Suhaimi Abdullah / Getty ImagesContainer vessels dock at the Pasir Panjang in Singapore.

TOKYO – Singapore sent a stern warning Monday to companies doing business for North Korea, with a court handing down guilty verdicts to a local shipping agent accused of transferring money to help Pyongyang buy weapons.

The case against Chinpo Shipping – which had transferred millions of dollars for North Korea – revealed a trove of information about how North Korea has been using intermediaries to send money through the international banking system without detection.

"This is a significant case in terms of prosecuting North Korean middlemen," said Andrea Berger, a nonproliferation expert at the Royal United Services Institute in London, noting that this was the first case under a Singaporean regulation that bars companies from helping North Korea with its nuclear and missile programs.

Luxuries Flow Into North Korea

By
JEREMY PAGE
January 7, 2012

BEIJING—The North Korean leadership's appetite for imported luxuries, highlighted by three Lincoln limousines at Kim Jong Il's funeral, has spread to growing numbers of the country's elite, despite U.N. sanctions designed to force Pyongyang to abandon its nuclear-weapons program.

Luxury goods are becoming a hot commodity in North Korea, and it's not only government officials who are buying them. The WSJ's Deborah Kan speaks to Jeremy Page.

An examination of U.N. and Chinese trade data reveals that exports to North Korea of products including cars, tobacco, laptops, cellphones and domestic electrical appliances all increased significantly over the past five years. Most items crossed the border from China.

The data reveal glaring loopholes in the sanctions regime, demonstrating how China has stepped in as North Korea's main supplier of goods considered luxuries as other countries have clamped down on such exports.

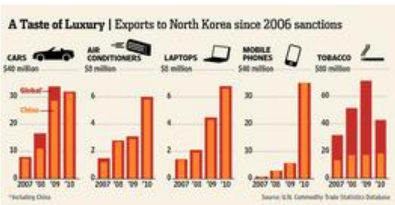
But the figures also hint at the emergence of a new entrepreneurial class in North Korea rich enough to buy imported goods. Some analysts say this group could represent the strongest impetus for economic reform, and potentially undermine the totalitarian grip of the Kim family dynasty.

Since 2007, North Korea's imports of cars, laptops and air conditioners have each more than quadrupled, while imports of cellphones have risen by more than 4,200%, with the vast majority of items coming from China, according to the U.N. data. Chinese customs data show those trends continuing in 2011.

Critics accuse China of not doing enough to rein in its unpredictable ally. They say China exploits its position as Pyongyang's only military ally and main aid donor as a bargaining chip. Beijing has indicated frustration with North Korea's refusal to abandon its nuclear program, but opposes the sanctions in principle, favoring closer trade ties as the best way to promote economic reform and influence its neighbor.

China on Sunday reaffirmed its commitment to North Korea, according to the state-run Xinhua news agency. Beijing will maintain its policy of "support and assistance," Xinhua reported, citing an interview with Assistant Foreign Minister Liu Zhenmin.

The trade figures illustrate a dilemma facing the U.S. and its allies as Kurt Campbell, the U.S. assistant secretary of state for East Asian and Pacific affairs, wrapped up a visit to China, South Korea and Japan last week to discuss how to persuade the new North Korean leadership under Mr. Kim's son, Kim Jong Eun, to give up nuclear arms.



ENLARGE

The sanctions, imposed after North Korea conducted a nuclear test in 2006 and strengthened after its second test in 2009, were designed to put direct pressure on the leadership, which has long sought to maintain the loyalty of the elite with imported luxury items. A key target was Office 39, a secretive agency of the ruling Workers' Party that U.S. officials believe is involved in selling drugs and weapons to drum up hard currency. It also buys luxury goods including items like iPads and laptops for the elite, according to some accounts.

But many analysts and diplomats believe the sanctions are ineffective, largely because the U.N. allowed member states to decide for themselves what counts as a luxury item. China agreed to comply, but permits exports of many products widely considered luxuries by the U.S., the European Union, Japan and others, which have halted or restricted exports of them. Other items reach North Korea through smuggling, especially over the Chinese border.

Hong Lei, a spokesman for China's Foreign Ministry, told a regular news briefing Thursday that China's trade with North Korea did not violate the sanctions regime.

It's in Beijing's interest to prevent a collapse of the North Korean regime, which could send refugees flooding into China and bring South Korean and U.S. troops right up to the Chinese border. China also hopes to increase trade across its northeastern border and use a port on North Korea's east coast as an outlet for Chinese exports.

The U.N. data show that China has replaced Japan as the biggest exporter of cars to North Korea since Tokyo added them to the luxury list in 2006, and that in 2010 China overtook Singapore as the biggest exporter to the North of tobacco products, which many countries consider luxury items under the sanctions.

The flow of luxury goods to North Korea is controversial, not least because of the activities of Office 39. In 2009, for example, Office 39 was involved in a failed attempt to import through China two Italian-made yachts worth more than $15 million and destined for Kim Jong Il, according to the U.S. Treasury, which in 2010 blacklisted several North Korean businesses and individuals it said were working for the agency.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A woman uses a video camera on a bumper-car ride in Pyongyang in October. Exports of luxuries to North Korea have risen despite sanctions. *ASSOCIATED PRESS*

Many analysts believe Office 39 will play a key role in ensuring that Kim Jong Eun can generate enough hard currency, and dispense enough largess, to maintain the support of the political elite.

"The sanctions don't work because as long as China allows the export of luxury goods, the North Korea elite will be paid with them to support the regime," said Jiyoung Song, an associate fellow at London-based think tank Chatham House, who has studied North Korea since 1999.

At the same time, she added, "Things like DVDs and mobile devices will help to change North Korean society in a gradual manner by teaching them about the outside world, and showing them these things don't just come through the benevolence of their leaders." She said last year she interviewed a North Korean defector—the daughter of a trade official—who claimed she had been given an iPad and two laptops by the "Dear Leader," as Kim Jong Il was known.

The growing demand for Chinese consumer goods is no longer confined to the political elite, according to Andrei Lankov, a leading expert on North Korea at Kookmin University in Seoul.

He estimated that the political elite consists of a few thousand key decision-makers and about a million people with midlevel or senior positions in the bureaucracy. Most of the rest of the population of 24 million receive an official monthly salary of $2 to $3 which they can top up to about $15 by selling things in private markets, he said.

More recently, though, a new entrepreneurial class of up to 1% of the population, or about 240,000 people, has emerged that is earning at least a few hundred dollars a month, said Prof. Lankov.

"This growing demand for luxury goods is being driven by the new bourgeoisie," he said. He said he had met a defector who as early as 2008 claimed to have been earning $1,000 a month by importing tobacco from China and selling it in North Korea in fake packaging.

It is impossible to verify who precisely is driving the demand for Chinese consumer goods. North Korea does not publicize any kind of trade data, let alone allow independent market research. But other countries do report their exports to North Korea, and figures through the end of 2010 are compiled in the United Nations Commodity Trade Statistics Database, or UN Comtrade. China's customs authorities provide data for its exports to North Korea through last November.

Among the exports of liquor to North Korea from Hong Kong in 2010 were 839 bottles of unidentified spirits, worth an average of $159 each, and 17 bottles of "spirits obtained by distilling grape wine or grape marc" worth $145 each, according to the U.N. figures.

In 2010, North Korea also imported 14 color video screens from the Netherlands—worth an average $8,147 each—and about 50,000 bottles of wine from Chile, France, South Africa and other countries, as well as 3,559 sets of videogames from China, the U.N. data show.

Some of this might have been to cater to the small number of tourists, diplomats and foreign businesspeople in the country. Many items, however, were clearly destined for North Koreans. Cars, for example, are one of the highest status symbols, and are often given as gifts by the state to loyal senior officials.

In 2010 alone, North Korea imported 3,191 cars, the vast majority from China—although one, valued at $59,976, placing it in the luxury category. came from Germany.

One of the most striking figures is a dramatic increase in imports of mobile telephones—ownership of which was once considered a crime. In 2010 alone, the country imported 433,183 mobile phones, almost all from China, and with an average value of $81 each. Egyptian telecoms company Orascom, which launched North Korea's first and only mobile network in 2008, said that its North Korean network had 809,000 subscribers at the end of the third quarter of 2011.

Scenario 9: Payment to TCC is rejected by intermediary US banks due to involvement of logistic service provider that has bad press

TCC makes use of an international active and professional container shipping company C&A CFN to handle its logistics worldwide.
Recently C&A CFN was accused in the media for being involved in arms smuggling. The bad press was based on the attack of armed forces of a Middle East state on a containership bound for Egypt in the Mediterranean Sea and claimed to have seized 3 containers of conventional arms destined for the Gaza strip. According to C&A CFN, the ship's manifests did not show any cargo in contravention of international regulations, and they do not have any more information at this stage.

Issue:

- Bad press may trigger financial institutions not to facilitate any transaction involving C&A CFN causing delays in payments or suspension of funds

Phase 1:
Alternative 1: TCC does not take any action and continues using C&A CFN as shipper for handling its logistics
Alternative 2: TCC confers with its bank to assess possible restrictions and delays in financial settlement of the export transactions in which C&A CFN is involved
Alternative 3: TCC suspends using all services of C&A CFN and investigates alternative shipping companies causing delays in the logistic handling of existing sales orders.

Phase 2:
Alternative 1: TCC is confronted with the rejection of several incoming USD payments and suspension of funds by US banks involved in the clearing of the export transaction involving C&A CFN in the logistic handling. US bank seem to take a very risk averse approach regarding transactions involving C&A CFN causing liquidity issues for TCC;
Alternative 2: TCC's bank, immediately after the bad press was published, has inquired for the viewpoint with all of its correspondent banking relations, including the US correspondent banks. TCC's bank found that some, but not all, international US trading banks applied a restrictive approach towards transactions involving C&A CFN. It also found that the majority of the EU banks, including TCC's bank, monitor the transactions involving C&A CFN more carefully and further process these transactions, almost with no delay, if there are no indications for the involvement of military or dual use items in the underlying export transaction. TCC's bank advises TCC to explicitly document the nature of the goods in the commercial documents and transportation documents and to discuss with importers on the financial settlement terms in order to avoid the involvement of the risk averse banks.
Alternative 3: It takes TCC over 6 weeks to find alternative shippers for the majority of its international logistic routes causing delays in delivering the products to its clients.

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US Treasury fines French shipping firm and bank

In March Israel's Navy seized CMA CGM ship 'MV Victoria', more than 50 tons of weapons from Iran were aboard.

UN Human Rights Council_311. (photo credit:Reuters)

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BERLIN/DUSSELDORF – Congressman Peter King (R-New York) called on CMA CGM, the world's third largest shipping company, to end its business relations with the Islamic Republic of Iran, citing the US Treasury's decision on Tuesday to sanction the French shipping giant for violating Iran sanctions, in an exclusive statement to *The Jerusalem Post.*

King, an influential congressional representative and head of the Homeland Security Committee in Congress, told the Post: “I have already called on CMA CGM twice to immediately comply with US, EU, and UN sanctions and to renounce its business relationship with Iran. I applaud the Treasury Department for enforcing penalties against CMA CGM, whose alleged violations of sanctions on Cuba, Sudan, and Iran go back several years. This news confirms that CMA CGM has a troubling pattern of skirting regulations and I strongly urge them to immediately comply and abide by international sanctions.”

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The US Treasury sanctions dealt another blow to CMA CGM’s shipping reputation because of the company’s strong economic ties with Iran’s maritime industry. In December, King wrote to Philippe Soulié, CEO of the shipping company, noting that he is “deeply concerned” about CMA CGM trade relations with Iran.

The company’s MV Everest container ship was seized off the Nigerian coast last year, fully loaded with Iranian weapons. King put the company on notice that its monitoring mechanisms are inadequate.

CMA-CGM appeared to ignore King’s warning.

Israel’s Navy seized in March the CMA CGM-operated container ship *MV Victoria* in the Mediterranean. A cache of more than 50 tons of weapons from Iran were aboard, including anti-ship missiles, 3,000 mortar shells and almost 70,000 rounds of ammunition for machine guns.

Though Tuesday’s sanctions did not target CMA CGM for the 2009-2010 transports of Iranian weapons, the United States Treasury Department fined the French shipping company in the amount of $374,400 to settle allegations of violations of regulations blocking trade with Cuba, Sudan and Iran between the period December 2004 and April 2008.

According to the Treasury, CCA, a subsidiary of the CMA CGM, “facilitated the exportation of goods from foreign ports to Sudan on at least two occasions and, in 28 separate transactions, accepted payments for shipping services provided by its foreign parent company, CMA CGM, or its foreign affiliates, in connection with shipments between third countries and Cuba, Iran or Sudan.”

In an e-mail to the Post on Thursday, the office of Mike Conaway (R-Texas) wrote, “Congressman Conaway is encouraged by the Treasury Department’s actions and will remain engaged on the issue moving forward.”

The prominent US Congressman from Texas had issued a strongly worded April letter to the US Treasury and State Departments that CMA CGM’s “repeated failures” to enforce international guidelines to stop weapons smuggling warranted an American response.

He called for the Treasury to ban CMA CGM from conducting maritime trade with Iran if the company did not crackdown on its porous control system.

A joint May Handelsblatt (Germany’s business daily) and Post investigative report first disclosed the King and Conaway letters complaining about CMA CGM failure to clamp down on illicit Iranian shipments aboard its company-operated vessels.

In response to the Post/Handelsblatt articles, CMA CGM implemented an Iran compliance desk to monitor goods from the Islamic Republic.

The new Treasury financial penalties note that “CCA did not voluntarily self-disclose the matter to OFAC and that the alleged violations constituted a non-egregious case,” adding, “CCA and CMA CGM have undertaken remediation to ensure that such alleged violations do not recur.”

When asked about King’s call for CMA CGM to pull the plug on its Iran business transactions and the company’s assessment of the financial penalties, Heather M. Spring, CMA CGM’s vice president and general counsel in the US-branch in Norfolk, wrote the Post on Thursday: “As you may be aware, the settlement has nothing to do with the CMA GGM Group’s lawful activities in Iran. Nor did the settlement relate to weapons trade or the transportation of any other type of unlawful cargo.

“To the contrary, most of the shipments involved food and medicine, lawfully shipped between non-US destinations.”

She continued: “As a French company CMA CGM is permitted to do business with Iran, Cuba and Sudan, subject to UN and EU sanctions.

We here at CMA CGM [America], however, can have no involvement, however small, in our parent company's trade with those nations. We take that responsibility very seriously."

Though Spring declined to comment specifically on King's call for CMA CGM to end its business with Iran, she wrote, "We have previously been in touch with Mr. King's office and have been completely forthright with him about these issues and our enhanced compliance efforts."

CMA CGM operates its US operation in Norfolk, Virginia. Spring did not comment on whether the sanctions and the company's continued trade with Iran will adversely impact its American customer base.

The US says that Iran is developing a nuclear-weapons program and finances terror groups, including Al-Qaida and Hezbollah.

In a separate set of sanctions, the US Treasury Department fined the French bank Société Générale $111,359 to settle alleged violations of Iran sanctions. According to the Treasury settlement, the Société Générale issued "letters of credit between two nonsanctioned parties, processed two payments under those letters of credit involving the shipment of cargo transported aboard vessels owned and/or managed by the Islamic Republic of Iran Shipping Lines of Tehran, Iran, an Iranian entity."