

## Table of Contents

<b>CHAPTER 16</b> .....	<a href="#"><u>534</u></a>
<b>Sanctions, Export Controls, and Certain Other Restrictions</b> .....	<a href="#"><u>534</u></a>
<b>A. IMPOSITION, IMPLEMENTATION, AND MODIFICATION OF SANCTIONS</b> ..	<a href="#"><u>534</u></a>
1. Iran .....	<a href="#"><u>534</u></a>
a. <i>The Joint Comprehensive Plan of Action (“JCPOA”)</i> .....	<a href="#"><u>534</u></a>
b. <i>Implementation of UN Security Council resolutions</i> .....	<a href="#"><u>545</u></a>
c. <i>U.S. sanctions and other controls</i> .....	<a href="#"><u>545</u></a>
2. Syria .....	<a href="#"><u>547</u></a>
3. Cuba .....	<a href="#"><u>548</u></a>
4. Venezuela.....	<a href="#"><u>548</u></a>
5. Democratic People’s Republic of Korea.....	<a href="#"><u>553</u></a>
a. <i>General</i> .....	<a href="#"><u>553</u></a>
b. <i>Human rights</i> .....	<a href="#"><u>553</u></a>
c. <i>Nonproliferation</i> .....	<a href="#"><u>555</u></a>
6. Russia.....	<a href="#"><u>566</u></a>
a. <i>Chemical and Biological Weapons Control and Warfare Elimination Act Sanctions</i> . ..	<a href="#"><u>566</u></a>
b. <i>Sanctions in response to Russia’s actions in Ukraine</i> .....	<a href="#"><u>570</u></a>
c. <i>Section 231 of CAATSA</i> .....	<a href="#"><u>573</u></a>
7. Nonproliferation.....	<a href="#"><u>585</u></a>
a. <i>Country-specific sanctions</i> .....	<a href="#"><u>585</u></a>
b. <i>Iran, North Korea, and Syria Nonproliferation Act (“INKSNA”)</i> .....	<a href="#"><u>585</u></a>
8. Terrorism.....	<a href="#"><u>586</u></a>
a. <i>UN and other coordinated multilateral action</i> .....	<a href="#"><u>586</u></a>
b. <i>U.S. targeted financial sanctions</i> .....	<a href="#"><u>586</u></a>

<i>c. Annual certification regarding cooperation in U.S. antiterrorism efforts</i> .....	<a href="#">595</a>
9. Cyber Activity and Election Interference .....	<a href="#">595</a>
<i>a. Malicious Cyber-Enabled Activities</i> .....	<a href="#">595</a>
<i>b. Election Interference</i> .....	<a href="#">597</a>
10. Global Magnitsky Act and Measures Aimed at Corruption and Human Rights Violations... ..	<a href="#">598</a>
<i>a. Global Magnitsky Act and E.O. 13818</i> .....	<a href="#">598</a>
<i>b. Visa Restrictions pursuant to Section 7031(c) of the 2017 Consolidated Appropriations Act...</i> .....	<a href="#">612</a>
11. Targeted Sanctions Relating to Threats to Democratic Process and Restoration of Peace, Security, and Stability .....	<a href="#">614</a>
<i>a. Nicaragua</i> .....	<a href="#">614</a>
<i>b. Burma</i> .....	<a href="#">616</a>
<i>c. Sudan</i> .....	<a href="#">617</a>
<i>d. South Sudan</i> .....	<a href="#">619</a>
<i>e. Libya</i> .....	<a href="#">622</a>
<i>f. Mid-East Peace Process</i> .....	<a href="#">624</a>
12. Transnational Crime .....	<a href="#">624</a>
<b>B. EXPORT CONTROLS</b> .....	<a href="#">624</a>
1. Wassenaar Arrangement .....	<a href="#">624</a>
2. Debarments .....	<a href="#">625</a>
3. Export Controls on South Sudan .....	<a href="#">625</a>
4. Export Control Litigation .....	<a href="#">627</a>
<i>a. FLIR Systems</i> .....	<a href="#">627</a>
<i>b. Defense Distributed</i> .....	<a href="#">628</a>
<b>Cross References</b> .....	<a href="#">632</a>

## CHAPTER 16

### Sanctions, Export Controls, and Certain Other Restrictions

This chapter discusses selected developments during 2018 relating to sanctions, export controls, and certain other restrictions relating to travel or U.S. government assistance. It does not cover developments in many of the United States' longstanding financial sanctions regimes, which are discussed in detail at <https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>. It also does not cover comprehensively developments relating to the export control programs administered by the Commerce Department or the defense trade control programs administered by the State Department. Details on the State Department's defense trade control programs are available at [https://pmddtc.state.gov/ddtc\\_public](https://pmddtc.state.gov/ddtc_public).

#### A. IMPOSITION, IMPLEMENTATION, AND MODIFICATION OF SANCTIONS

##### 1. Iran

##### a. *The Joint Comprehensive Plan of Action ("JCPOA")*

As discussed in *Digest 2015* at 634-35, the P5+1 and Iran concluded the Joint Comprehensive Plan of Action ("JCPOA") in 2015 to address concerns with Iran's nuclear program. Under the JCPOA, the U.S. committed to lift nuclear-related secondary sanctions—which are generally directed toward non-U.S. persons for specified conduct involving Iran that occurs entirely outside of U.S. jurisdiction and does not involve U.S. persons—but left non-nuclear-related sanctions in place.

On May 8, 2018, President Trump announced his decision to withdraw from the JCPOA. The President's remarks are available at <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-joint-comprehensive-plan-action/>, and excerpted below. See also the May 8, 2018 White House fact sheet, available at <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-ending-united-states-participation-unacceptable-iran-deal/>.

---

\* \* \* \*

Over the past few months, we have engaged extensively with our allies and partners around the world, including France, Germany, and the United Kingdom. We have also consulted with our friends from across the Middle East. We are unified in our understanding of the threat and in our conviction that Iran must never acquire a nuclear weapon.

After these consultations, it is clear to me that we cannot prevent an Iranian nuclear bomb under the decaying and rotten structure of the current agreement.

The Iran deal is defective at its core. If we do nothing, we know exactly what will happen. In just a short period of time, the world's leading state sponsor of terror will be on the cusp of acquiring the world's most dangerous weapons.

Therefore, I am announcing today that the United States will withdraw from the Iran nuclear deal.

In a few moments, I will sign a presidential memorandum to begin reinstating U.S. nuclear sanctions on the Iranian regime. We will be instituting the highest level of economic sanction. Any nation that helps Iran in its quest for nuclear weapons could also be strongly sanctioned by the United States.

\* \* \* \*

Secretary of State Mike Pompeo's statement on the decision to withdraw from the JCPOA follows and is available at <https://ir.usembassy.gov/secretary-pompeo-on-president-trumps-decision-to-withdraw-from-the-jcboa/>.

As we exit the Iran deal, we will be working with our allies to find a real, comprehensive, and lasting solution to the Iranian threat. We have a shared interest with our allies in Europe and around the world to prevent Iran from ever developing a nuclear weapon. But our effort is broader than just the nuclear threat and we will be working together with partners to eliminate the threat of Iran's ballistic missile program; to stop its terrorist activities worldwide; and to block its menacing activity across the Middle East and beyond. As we build this global effort, sanctions will go into full effect and will remind the Iranian regime of the diplomatic and economic isolation that results from its reckless and malign activity.

Senior State Department officials held a briefing on May 8, 2018 regarding the President's decision, which is excerpted below, and available at <https://www.state.gov/background-briefing-on-president-trumps-decision-to-withdraw-from-the-jcboa/>.

---

\* \* \* \*

...[T]he sanctions reimposition that the President talked about is going to come in two phases. There's going to be one period for wind down that lasts ... 90 days, and one period of wind down that lasts six months. ...wind downs are, by the way, pretty standard across sanctions programs. So this is not Iran-specific, but oftentimes when we either impose sanctions or reimpose sanctions, we provide a wind down to allow both U.S. companies but foreign companies as well to end contracts, terminate business, get their money out of wherever the sanctions target is .... [W]e don't want to impact or have unintended consequences on our allies and partners. We want to focus the costs and the pain on the target. And in this case, that's the Iranian regime.

... In this case, we're providing a six-month wind down for energy-related sanctions. So that's oil, petroleum, petrochemicals, and then all of the ancillary sanctions that are associated with that. So, for example, banking; sanctions on the CBI in particular, because the Central Bank of Iran is involved in Iran's export of oil and the receipt of revenues. Shipping, shipbuilding, ports—all of those sanctions that are related to both the energy sector and then the banking and the shipping or transportation of that energy will all have a six-month wind down. Everything else is going to have a 90-day wind down. ... [T]he architecture of the Iranian sanctions program was quite complex, but everything else includes things like dealing in the rial, providing ... precious metals and gold to the Iranian regime, providing U.S. banknotes.

So there's a whole kind of swath of other sanctions that are all going to have a 90-day wind down. In addition, within the first 90 days, the Treasury Department is going to work to ... terminate the specific licenses that were issued pursuant to the statement of licensing policy on civil aviation. So Treasury's going to be reaching out to those private sector companies that have licenses and work to ... terminate those licenses in an orderly way that doesn't lead to undue impact on the companies.

The other big action that has to be done is the re-designation of all of the individuals that were delisted pursuant to the JCPOA. There are over ... 400 ... specifically designated for conduct, and another 200 or so were identified as part of the Government of Iran. ... [I]t's a lot of work for Treasury. Their aim is to relist all of those individuals and entities by the end of the six-month wind down. They're not going to relist entities and individuals overnight, ...both for practical reasons, but also for policy reasons. If some of those individuals and entities were relisted right away, it would impact the wind down, right? So if we're allowing a six-month wind down for energy-related or petroleum-related business, and then you ... re-designate tomorrow an Iranian-related petroleum entity, it makes null and void the six-month wind down that you just provided. So that's all going to be done in a coherent way to provide a real wind down period.

\* \* \* \*

...[S]ince last December, when we started working with our European allies on both the nuclear file but then also the broader array of Iranian threats, we're going to continue to work closely with them. We're going to broaden that engagement. And like both the President said and I think the Secretary said in his statement, he's going to lead an effort to build a global effort to constrain and to prevent, both on the nuclear front but then also on the ballistic missile front, support to terrorism and the ... six or seven areas that the President has outlined as kind of the broad array of Iranian threats. We're going to build a global coalition to put pressure on Iran to stop that behavior.

\* \* \* \*

... We do think that, given the IRGC's penetration of the Iranian economy and Iran's behavior in the region, as well as its other nefarious activities, that companies should not do business in Iran. That's an intended consequence. And we thank our ambassador out there for reaffirming that message.

\* \* \* \*

...I think as the President laid out, that the problem with the deal was that it reduced our ability to pressure Iran, right. It essentially cordoned off this huge area of the Iranian economy and said, "Hey, we know about the IRGC's penetration of the economy. We know Iran's doing all this nefarious, malign activities in the region. But because of this nuclear angle, which is only one aspect of Iran's behavior—a critical one, but just one—you essentially can't sanction these entities that are involved in all this other stuff."

\* \* \* \*

The President made clear on January 12th that he was giving a certain number of months to ... try to get a supplemental agreement with the E3. We didn't get there. We got close. We ... had movement, a ton of good progress, which will not be wasted, but we didn't get there. So he was clear January 12th that if we don't get this supplemental, he's withdrawing the United States from the JCPOA, and that's what he did. ...

\* \* \* \*

... [W]e have acknowledged for quite some time that the Iranians had a nuclear weapons program, but nobody knew until the Israelis found it, this well curated archive, the level of detail, ... I think it reinforced in a very meaningful way that all of the Iranian statements throughout the negotiations and after were lies.

\* \* \* \*

In the buildup ... to the negotiations that led first to the JPOA and the JCPOA, we had an extensive architecture of secondary sanctions that started more or less with CISADA in 2010. We had to use those secondary sanctions very, very rarely. In fact, we only ever sanctioned two banks with secondary sanctions, Kunlun and Elaf in Iraq. The leverage that we gained from the secondary sanctions is what we used throughout the world with engagement to get countries to partner with us to build the economic isolation of Iran. That's what we want to do again. It's not about sanctioning foreign companies; it's about using the leverage and engaging the way we did before.

\* \* \* \*

Ballistic ... missile sanctions were never lifted under the JCPOA, so under Executive Order 13382, we've always had the authority and we've continued to designate under that authority throughout the JCPOA period, so ... those have not been affected.

\* \* \* \*

...[T]he Secretary's revoking all waivers today, and then he's going to reissue wind down waivers today. So everything is going to be set as of today.

\* \* \* \*

It is our strong view that the JCPOA gave Iran room both for domestic internal political reasons in Tehran and regional reasons to increase their malign activity that helped to destabilize the region substantially.

So in responding to questions about how pulling out of the JCPOA will affect that, ... I think it's important for me to just say that we have seen a dramatic increase to a point where in Syria Iranian behavior—unrelated to the JCPOA but Iranian behavior—is so dangerous and reckless. That's why Israelis—the IDF—is opening shelters in northern Israel. It's not because of the JCPOA. It is because of some really dangerous and reckless behavior, including capabilities and all kinds of other things that are going into Syria.

\* \* \* \*

We believe that by getting rid of the JCPOA, we can come up with a more comprehensive deal, a more comprehensive approach that doesn't just focus on the nuclear file. The focus is on all of the threats together ...[T]he JCPOA tried to deal only with the nuclear file and left everything else off the table in the hopes that it would just kind of get better on its own or we wouldn't have to worry about it as much. That strategy didn't work. So what we hope to do is a much more comprehensive deal.

\* \* \* \*

Secretary Pompeo's May 21, 2018, speech at the Heritage Foundation, identifying twelve steps Iran would need to take before a new agreement could be reached to replace the JCPOA, is discussed in Chapter 19 and available at <https://www.state.gov/after-the-deal-a-new-iran-strategy/>.

On June 26, 2018, a senior State Department official provided a special briefing on U.S. efforts to discuss the re-imposition of sanctions on Iran with its partners around the world. The briefing transcript is available at <https://www.state.gov/r/pa/prs/ps/2018/06/283512.htm>, and excerpted below.

---

\* \* \* \*

Over the past few weeks, as you probably have known, I've been in Europe and Asia garnering support for our Iran strategy. ... [A]n interagency team of State and Treasury officials have been explaining the new direction of our policy to our allies, working to garner their support for it.

We're going to isolate streams of Iranian funding and looking to highlight the totality of Iran's malign behavior across the region.

I am back in Europe this week between engagements, as you may hear from the street scene behind me, working on this subject. We remain engaged with the E3 throughout this process, and we are going to continue to branch out in new countries and reach new partners as the weeks go forward.

\* \* \* \*

... I am continually struck by the amount of business that is falling out of Iran. Peugeot and others simply view Iran as too risky a place to do business. And I think, frankly, that is a result of at least partially the President's decision on May 8th. Now, Iran also has a terrible investment climate. It is a place where it is not easy to make money, as one of our partners said. But genuinely companies respect secondary sanctions, by my experience.

... I will say on the diplomatic front, we have had secondary sanctions in place with regards to Iran since 1996, the Iran Libya Sanctions Act. We've had secondary sanctions in place with regards to Cuba for a few years before that. ... these are discussions we are extremely used to having. We have a lot of diplomatic muscle memory for urging, cajoling, negotiating with our partners to reduce their investments to zero. ... and that message is one that is sometimes challenging, but these are serious diplomatic relationships we have. Our allies are aware of our concern. They share it. They want to work with us. ... for the vast majority of countries they are willing ... to adhere and support our approach to this because they also view it as a threat, and it's gotten worse in 2015, not better, on the regional activity side.

\* \* \* \*

On June 28, 2018, the Treasury Department's Office of Foreign Assets Control ("OFAC") published amendments to the Iranian Transactions and Sanctions Regulations ("ITSR") to implement the President's May 8, 2018 decision to end U.S. participation in the JCPOA. 83 Fed. Reg. 30,335 (June 28, 2018). As summarized in the Federal Register, OFAC amended the ITSR to:

Amend the general licenses authorizing the importation into the United States of, and dealings in, Iranian-origin carpets and foodstuffs, as well as related letters of credit and brokering services, to narrow the scope of such general licenses to the wind down of such activities through August 6, 2018; add a new general license to authorize the wind down, through August 6, 2018, of transactions related to the negotiation of contingent contracts for activities eligible for authorization under the *Statement of Licensing Policy for Activities Related to the Export or Re-export to Iran of Commercial Passenger Aircraft and Related Parts and Services*, which was rescinded ...; and add a new general license to authorize the wind down, through November 4, 2018, of certain transactions relating to foreign entities owned or controlled by a United States person.



On August 6, 2018, the State Department held a special briefing previewing Iran sanctions with senior administration officials. The transcript is excerpted below and available in full at <https://www.state.gov/telephonic-press-briefing-with-senior-u-s-administration-officials-on-iran-sanctions/>.

---

\* \* \* \*

The next 90 days will see increased economic pressure, culminating in the reimposition of petroleum sector sanctions in November, and this will have an exponential effect on Iran's already fragile economy.

The President has been very clear none of this needs to happen. He will meet with the Iranian leadership at any time to discuss a real comprehensive deal that will contain their regional ambitions, will end their malign behavior, and deny them any path to a nuclear weapon. The Iranian people should not suffer because of their regime's hegemonic regional ambitions.

\* \* \* \*

... We do stand with the Iranian people, who are longing for a country of economic opportunity, transparency, fairness, and greater liberty. As Iran expends enormous resources on its foreign adventurism, its people are becoming increasingly frustrated, and we are seeing this frustration expressed in protests across the country.

We are deeply concerned about reports of Iranian regime's violence against unarmed citizens. The United States supports the Iranian people's right to peacefully protest against corruption and oppression without fear of reprisal.

And two other points. The regime's systematic mismanagement of its economy and its decision to prioritize a revolutionary agenda over the welfare of the Iranian people has put Iran into a long-term economic tailspin. Widespread government corruption and extensive intervention in the economy by the Iran Revolutionary Guard Corps make doing business in Iran a losing proposition. Foreign direct investors in Iran never know whether they are facilitating commerce or terrorism.

\* \* \* \*

I want to briefly describe the actions that we're taking today. The President has issued a new Iran executive order to reimpose sanctions relating to Iran, as you know. On May 8th, the President issued a national security presidential memorandum which directed the secretaries of Treasury and State and others to take a number of actions. And today's announcement is just the next step in implementing the President's decision.

Specifically, we are reimposing sanctions on Iran that had been lifted under the JCPOA. The snapback of these sanctions, again, supports the President's decision to impose significant financial pressure on the Iranian regime, to continue to counter Iran's blatant and ongoing malign activities, and then ultimately to seek a new agreement that addresses the totality of the Iranian threat.

During the period of the JCPOA, the Iranian regime demonstrated time and time again that it had no intentions to cease its state support for terrorism, foreign proxies, and other malign activities. Iran, as has already been stated, has continued to promote ruthless regimes, destabilize the region, and abuse the human rights of its own people. As our sanctions have been exposing to fund their illicit activities and to evade sanctions, Iran has systematically exploited the global financial system, and willfully deceived countries, companies, and financial institutions around the globe.

This administration intends to fully enforce our sanctions as they come back into effect in order to impose economic pressure on the Iranian regime to stop its destabilizing activity, and ultimately chart a new path that will lead to prosperity for the Iranian people. Specifically, the new Iran EO reimposes relevant provisions of five Iran sanctions executive orders that were revoked or amended in January 16, 2016 in two phases. The first wind-down period ends at midnight tonight, ... at which point relevant sanctions will be reimposed.

At 12:01 a.m. tomorrow, August 7, 2018, sanctions will come back into full effect on the purchase or acquisition of U.S. dollar bank notes by the Government of Iran; Iran's trade in gold and precious metals; the sale or transfer to or from Iran of graphite and metals, such as aluminum and steel, coal, and software for integrating industrial processes; certain transactions related to the Iranian rial; certain transactions related to the issuance of Iranian sovereign debt; and Iran's automotive sector.

Wind-down authorizations will no longer be valid after August 6th, with respect to the importation into the United States of Iranian origin carpets and food stuffs, and transactions related to the purchase of commercial passenger aircraft will be prohibited. After the 180-day wind-down period ends on November 4, 2018, the U.S. Government will reimpose the remaining sanctions that ... had been previously lifted under the JCPOA.

The final round of snapback sanctions, as articulated in the executive order, will include the reimposition of sanctions on Iran's oil exports and energy sector, financial institutions conducting transactions with the Central Bank of Iran, as well as sanctions related to Iran's port operators and shipping and ship-building sectors, and sanctions on the provision of insurance and financial messaging services.

Today's executive order and the snapback of sanctions on Iran, again, is part of the President's broader strategy to apply unprecedented financial pressure on the Iranian regime. We are intent on cutting off the regime's access to resources that they have systematically used to finance terror, fund weapons proliferation, and threaten peace and stability in the region. Again, our actions will continue to severely limit the ability of Iran, which, as you know, is the largest state sponsor of terror, to gain funding to continue to finance its wide range of malign behavior.

Under this administration, OFAC has issued 17 rounds of sanctions designating 145 Iran-related persons. This includes six rounds just since the President's decision in May, including actions relating to the finance of the Qods Force and Hizballah, its ballistic missile program, the Iranian aviation sector, ... the regime's use of front and shell companies and other deceptive means to gain access to currency for the Qods Force, including in complicity with the Central Bank of Iran. We are fully committed to rigorously enforcing our sanctions and ensuring that Iran has no path to a nuclear weapon. This economic pressure campaign is central to our efforts to ... ensure that they change course.

I will just also mention that in addition to the executive order we're going to be publishing a number of FAQs that will provide answers to specific technical questions.

**SENIOR ADMINISTRATION OFFICIAL THREE:** Yeah I would just echo what [Senior State Administration Two] just said. Look, what we know is that Iran systematically uses its aviation sector, including Mahan Air and a number of other airlines that we have designated to continue to further its malign activity. I mean, you see these airlines like Mahan traveling back and forth repeatedly to places like Syria to support the Assad regime and the brutal activities that it's undertaken. So really the pressure is on the regime to stop engaging in this systematic malign behavior that's destabilizing the region, that's victimizing its own people and that's posing a threat to some of our closest allies and partners.

\* \* \* \*

On November 2, 2018, Secretary Pompeo and Secretary of the Treasury Steven T. Mnuchin provided a special briefing on Iran sanctions. The briefing is transcribed at <https://www.state.gov/briefing-on-iran-sanctions/> and excerpted below.

---

\* \* \* \*

**SECRETARY POMPEO: ...**

Today, Secretary Mnuchin and I will discuss one of the many lines of effort to achieve these fundamental changes in the Iranian regime's behavior as directed by the President. While important, these economic sanctions are just a part of the U.S. Government's total effort to change the behavior of the Ayatollah Khamenei, Qasem Soleimani, and the Iranian regime.

On November 5th, the United States will reimpose sanctions that were lifted as part of the nuclear deal on Iran's energy, ship building, shipping, and banking sectors. These sanctions hit at the core areas of Iran's economy. They are necessary to spur changes we seek on the part of the regime.

In order to maximize the effect of the President's pressure campaign, we have worked closely with other countries to cut off Iranian oil exports as much as possible. We expect to issue some temporary allotments to eight jurisdictions, but only because they have demonstrated significant reductions in their crude oil and cooperation on many other fronts and have made important moves towards getting to zero crude oil importation. These negotiations are still ongoing. Two of the jurisdictions will completely end imports as part of their agreements. The other six will import at greatly reduced levels.

Let me put this in context for you. The Obama administration issued SREs to 20 countries multiple times between 2012 and 2015. We will have issued, if our negotiations are completed, eight and have made it clear that they are temporary. Not only did we decide to grant many fewer exemptions, but we demanded much more serious concessions from these jurisdictions before agreeing to allow them to temporarily continue to import Iranian crude oil. These concessions are critical to ensure that we increase our maximum pressure campaign and accelerate towards zero.

Our laser-focused approach is succeeding in keeping prices stable with a benchmark Brent price right about where it was in May of 2018 when we withdrew from the JCPOA. Not only is this good for American consumers and the world economy, it also ensures that Iran is not

able to increase its revenue from oil as its exports plummet. We will, we expect, have reduced Iranian crude oil exports by more than 1 million barrels even before these sanctions go into effect.

This massive reduction since May of last year is three to five times more than what many analysts were projecting when President Trump announced our withdrawal from the deal back in May. We exceeded our expectations for one simple reason: Maximum pressure means maximum pressure.

The State Department closed the Obama era condensate loophole which allowed countries to continue importing condensate from Iran even while sanctions were in place. This loophole allowed millions of dollars to continue to flow to the regime.

This administration is treating condensate the same as crude since the regime makes no distinction between the two when it decides to spend its oil revenue on unlawful ballistic missiles, terrorism, cyberattacks, and other destabilizing activities like the assassination plot Denmark disclosed this past week.

And starting today, Iran will have zero oil revenue to spend on any of these things. Let me say that again. Zero. One hundred percent of the revenue that Iran receives from the sale of crude oil will be held in foreign accounts and can be used by Iran only for humanitarian trade or bilateral trade in nonsanctioned goods and services.

These new sanctions will accelerate the highly successful effects of our sanctions that have already occurred. The maximum pressure we imposed has caused the rial to drop dramatically, Rouhani's cabinet is in disarray, and the Iranian people are raising their voices even louder against a corrupt and hypocritical regime.

On that note, our actions today are targeted at the regime, not the people of Iran, who have suffered grievously under this regime. It's why we have and will maintain many humanitarian exemptions to our sanctions including food, agriculture commodities, medicine, and medical devices.

I will now turn the call over to Secretary Mnuchin.

**SECRETARY MNUCHIN:** Thank you very much. Since the beginning of the Trump administration, the Treasury Department has been committed to putting a stop to Iran's destabilizing activities across the world. We've engaged a massive economic pressure campaign against Iran, which remains the world's largest state sponsor of terrorism. To date, we have issued 19 rounds of sanctions on Iran, designating 168 targets as part of our maximum pressure campaign. We have gone after the financial networks that the Iranian regime uses to fuel its terrorist proxies and Hizballah and Hamas, to fund the Houthis in Yemen, and to support the brutal Assad regime in Syria.

The 180-day wind-down period ends at 11:59 p.m. Eastern Standard Time on Sunday November 4th. As of Monday November 5th, the final round of snapback sanctions will be enforced on Iran's energy, shipping, shipbuilding, and financial sectors. As part of this action on Monday, the Treasury Department will add more than 700 names to our list of blocked entities. This includes hundreds of targets previously granted sanctions relief under the JCPOA, as well as more than 300 new designations. This is substantially more than we ever have previously done. Sanctions lifted under the terms of Iran's nuclear deal will be reimposed on individuals, entities, vessels, and aircraft that touch numerous segments of Iran's economy. This will include Iran's energy sector and financial sectors. We are sending a very clear message with our maximum pressure campaign that the U.S. intends to aggressively enforce our sanctions. Any financial institution, company, or individual who evades our sanctions risks losing access to the

U.S. financial system and the ability to do business with the United States or U.S. companies. We are intent on ensuring that global funds stop flowing to the coffers of the Iranian regime.

I want to make a couple of comments on the SWIFT messaging systems since I've received lots of questions about this over the last few weeks. So I'd like to make four points. Number one, SWIFT is no different than any other entity. Number two, we have advised SWIFT the Treasury will aggressively use its authorities as necessary to continue intense economic pressure on the Iranian regime, and that SWIFT would be subject to U.S. sanctions if it provides financial messaging services to certain designated Iranian financial institutions. Number three, we have advised SWIFT that it must disconnect any Iranian financial institution that we designate as soon as technologically feasible to avoid sanctions exposure. Number four, just as was done before, humanitarian transactions to nondesignated entities will be allowed to use the SWIFT messaging system as they have done before, but banks must be very careful that these are not disguised transactions or they could be subject to certain sanctions. Thank you very much.

\* \* \* \*

On November 5, 2018, at the end of the 180-day wind-down period after the May 8 decision to re-impose sanctions on Iran, OFAC took actions summarized in a "Frequently Asked Questions" bulletin published on its website at <https://content.govdelivery.com/accounts/USTREAS/bulletins/2195444>. As part of the re-imposition of sanctions, over 700 persons were added to OFAC's Specially Designated Nationals and Blocked Persons List ("SDN List") on November 5, 2018, including those removed to implement the JCPOA. The list of those persons is available at [https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20181105\\_names.aspx](https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20181105_names.aspx).

On November 13, 2018, Ambassador-at-Large and Coordinator for Counterterrorism Nathan A. Sales delivered a lecture on "Countering Iran's Global Terrorism" at the Washington Institute for Near East Policy. His remarks include references to State Department and Treasury Department sanctions related to Iran's support for terrorism. Ambassador Sales's remarks are available at <https://www.state.gov/countering-irans-global-terrorism/>. Excerpts regarding sanctions follow. See discussion *infra* of State Department and Treasury Department designations in 2018 pursuant to E.O. 13224.

---

\* \* \* \*

First, Treasury is sanctioning Shibl Al-Zaydi as a SDGT. Al-Zaydi has served as a financial coordinator between the Qods Force and Shi'a militias in Iraq. He's also facilitated Iraqi investments on behalf of Qasem Soleimani, commander of the Qods Force. Al-Zaydi has helped smuggle oil for Iran, and has sent Iraqi fighters to Syria allegedly at the request of the Qods Force.

In addition, Treasury is designating Yusuf Hashim. Hashim oversees all Hizballah-related operations in Iraq and is in charge of protecting Hizballah's interests in that country.

Treasury is also designating Muhamad Farhat. Farhat has advised militias in Iraq on behalf of Hizballah. He was also tasked with collecting security and intelligence information in Iraq for senior Hizballah and Iranian leadership.

Lastly, Treasury is designating Adnan Kawtharani. Kawtharani facilitates business transactions for Hizballah inside Iraq and regularly meets there with militias and Hizballah officials. He has also helped secure funding for Hizballah, and has served as the right hand man for his brother and senior Hizballah member Muhammad Kawtharani – who himself was designated in 2013.

\* \* \* \*

**b. *Implementation of UN Security Council resolutions***

As discussed in *Digest 2015* at 636, the UN Security Council unanimously adopted resolution 2231 on July 20, 2015. Resolution 2231 endorsed the JCPOA; terminated the provisions of prior UN Security Council resolutions addressing the Iranian nuclear issue—namely, resolutions 1696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), 1835 (2008), 1929 (2010), and 2224 (2015)—and imposed new obligations on UN Member States with respect to the transfer to or from Iran of certain nuclear, missile and arms-related items and assistance, as well as the continued implementation of other targeted measures (asset freeze and travel ban) on designated persons or entities. The United States' withdrawal from the JCPOA did not have any effect on Resolution 2231, which remains in effect, although some of the new obligations imposed therein will, by their explicit terms, begin to sunset in 2020 unless further action is taken.

**c. *U.S. sanctions and other controls***

Further information on Iran sanctions is available at <https://www.state.gov/iran-sanctions/> and <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/iran.aspx>. On May 22, 2018, OFAC announced designations of four individuals who met the criteria for sanctions under the Iran sanctions program, the counter terrorism sanctions program, and the nonproliferation sanctions program. See May 22, 2018 OFAC update, available at <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20180522.aspx>, identifying Mehdi AZARPISHEH, Mohammad Agha JA'FARI, Mahmud Bagheri KAZEMABAD, Javad Bordbar SHIR AMIN, and Sayyed Mohammad Ali Haddadnezhad TEHRANI.

**(1) *Section 1245 of NDAA (secondary sanctions for crude oil purchases from Iran)***

On May 14, 2018 and again on October 31, 2018, the President determined “that there is a sufficient supply of petroleum and petroleum products from countries other than

Iran to permit a significant reduction in the volume of petroleum and petroleum products purchased from Iran by or through foreign financial institutions.” 83 Fed. Reg. 26,345 (June 6, 2018) and 83 Fed. Reg. 57,673 (Nov. 16, 2018). The President made the determination under Section 1245(d)(4)(B) and (C) of the National Defense Authorization Act for Fiscal Year 2012, Public Law 112–81, and based on reports submitted to the Congress by the Energy Information Administration, and other relevant factors. *Id.*

On November 3, 2018, the Secretary of State determined, pursuant to Section 1245(d)(4)(D) of the National Defense Authorization Act for Fiscal Year 2012 (“NDAA”), (Pub. L. 112–81), as amended, that as of November 3, 2018, China, Greece, India, Italy, Japan, South Korea, Taiwan, and Turkey had significantly reduced the volume of their crude oil purchases from Iran. 83 Fed. Reg. 63,832 (Dec. 27, 2018).

(2) *E.O. 13382*

On January 19, 2018, OFAC published in the Federal Register the names of persons designated pursuant to E.O. 13382 (“Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters”), subjecting them to sanctions for their ties to or support for persons previously designated under E.O. 13382 based on involvement in Iran’s WMD programs. 83 Fed. Reg. 2875 (Jan. 19, 2018). Individuals so designated are: Morteza RAZAVI, Shi YUHUA, and Yuequn ZHU. *Id.* Entities so designated are: BOCHUANG CERAMIC, INC., A101; GREEN WAVE TELECOMMUNICATION; IRAN AIRCRAFT INDUSTRIES; IRAN HELICOPTER SUPPORT AND RENEWAL COMPANY; and PARDAZAN SYSTEM NAMAD ARMAN. *Id.* Sayyed Mohammad Ali Haddadnezhad TEHRANI was designated pursuant to E.O. 13382 on May 22, 2018. 83 Fed. Reg. 24,391 (May 25, 2018).

(3) *Human Rights (CISADA, TRA, E.O. 13553, E.O. 13606, E.O. 13628)*

Executive Order 13553 implements Section 105 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (“CISADA”) (Public Law 111-195), as amended by the Iran Threat Reduction and Syria Human Rights Act of 2012 (“TRA”). On January 12, 2018, Sadegh Amoli LARIJANI and Gholamreza ZIAEI were designated pursuant to E.O. 13553 of September 28, 2010, “Blocking Property of Certain Persons With Respect to Serious Human Rights Abuses by the Government of Iran and Taking Certain Other Actions.” 83 Fed. Reg. 2875 (Jan. 19, 2018). One entity, RAJAEI SHAHR PRISON, was designated at the same time pursuant to E.O. 13553 and another entity, the ISLAMIC REVOLUTIONARY GUARD CORPS ELECTRONIC WARFARE AND CYBER DEFENSE ORGANIZATION was designated pursuant to E.O. 13606 of April 22, 2012, “Blocking the Property and Suspending the Entry Into the United States of Certain Persons With Respect to Grave Human Rights Abuses by the Governments of Iran and Syria via Information Technology.” *Id.* Two additional entities—NATIONAL CYBERSPACE CENTER and SUPREME COUNCIL OF CYBERSPACE—were designated pursuant to

Executive Order 13628 of October 9, 2012, “Authorizing the Implementation of Certain Sanctions Set Forth in the Iran Threat Reduction and Syria Human Rights Act of 2012 and Additional Sanctions With Respect to Iran.” *Id.* Finally, on May 30, 2018, OFAC designated Abdolhamid MOHTASHAM, under E.O. 13553. 83 Fed. Reg. 26,542 (June 7, 2018).

## 2. Syria

On July 25, 2018, OFAC determined that the property and interests in property subject to U.S. jurisdiction of several individuals and entities should be blocked under E.O. 13382 (“Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters”) due to those persons’ support for chemical weapons activity by the Assad regime in Syria. 83 Fed. Reg. 39,157 (Aug. 8, 2018). The designated individuals are: Tony AJAKA; Anni BEURKLIAN; Mireille CHAHINE; Amir KATRANGI; Houssam Hachem KATRANGI; Maher KATRANGI; Mohamad KATRANGI; Yishan ZHOU. *Id.* The designated entities are: EKT SMART TECHNOLOGY; ELECTRONICS KATRANGI TRADING; GOLDEN STAR CO.; POLO TRADING; and TOP TECHNOLOGIES SARL. *Id.*

On April 6, 2018, OFAC designated ROSOBORONEXPORT OAO and RUSSIAN FINANCIAL CORPORATION pursuant to E.O. 13582, “Blocking Property of the Government of Syria and Prohibiting Certain Transactions With Respect to Syria.” 83 Fed. Reg. 19,138 (May 1, 2018). On September 5, 2018, OFAC designated four individuals—Yasir ‘ABBAS, Adnan AL-ALI, Muhammad AL-QATIRJI, and Fadi Nabih NASSER—along with five entities—ABAR PETROLEUM SERVICE SAL; AL-QATIRJI COMPANY; INTERNATIONAL PIPELINE CONSTRUCTION FZE; NASCO POLYMERS & CHEMICALS CO SAL; and SONEX INVESTMENTS LTD.—pursuant to E.O. 13582. On September 6, 2018, the State Department issued a media note regarding the sanctions on these supporters of the Syrian regime. The note is available at <https://www.state.gov/the-u-s-imposes-sanctions-on-supporters-of-the-syrian-regime/> and includes the following:

Today, the United States imposed financial sanctions on four individuals and five entities that have facilitated weapons or fuel transfers, or provided other financial or material support, to the Assad regime in Syria.

The sanctioned individuals are Syrian nationals Yasir ‘Abas, Adnan Al-Ali, and Muhammad al-Qatirji, and Lebanese national Fadi Nasser. The sanctioned entities are the AL-Qatirji Company, which is based in Syria, Nasco Polymers and Chemicals, which is based in Lebanon, Abar Petroleum Service SAL, which is based in Lebanon, International Pipeline Construction FZE, which is based in the United Arab Emirates, and Sonex Investments Ltd., which is based in the United Arab Emirates.

On November 20, 2018, OFAC made designations under E.O. 13582 and other Syria-related sanctions authorities of several individuals and entities. 83 Fed. Reg. 61,721 (Nov. 30, 2018). Individuals designated are: Mhd Amer ALCHWIKI; Muhammad Qasim



AL–BAZZAL; Andrey DOGAEV; Rasoul SAJJAD; and Hossein YAGHOUBI MIAB. *Id.* And entities so designated are: GLOBAL VISION GROUP; PROMSYRIOIMPORT; MB BANK; and TADBIR KISH MEDICAL AND PHARMACEUTICAL COMPANY. *Id.*

### 3. Cuba

The U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) updated the identifying information of a person currently included in the SDN List: the entity EMPRESA CUBANA DE PESCADOS Y MARISCOS, which had been designated pursuant to the Cuban Assets Control Regulations, 31 CFR part 515. 83 Fed. Reg. 10,950 (Mar. 13, 2018).

### 4. Venezuela

Executive Order 13692, “Blocking Property and Suspending Entry of Certain Persons Contributing to the Situation in Venezuela,” was issued in 2015. Executive Order 13808, entitled “Imposing Additional Sanctions With Respect to the Situation in Venezuela,” was issued in 2017. The President issued three additional executive orders on Venezuela in 2018: E.O. 13827 of March 19, 2018, E.O. 13835 of May 21, 2018, and E.O. 13850 of November 1, 2018.

On January 5, 2018, OFAC designated the following individuals under E.O. 13692 for being officials of the Government of Venezuela: Gerardo Jose IZQUIERDO TORRES; Rodolfo Clemente MARCO TORRES; Francisco Jose RANGEL GOMEZ; and Fabio Enrique ZAVARSE PABON. 83 Fed. Reg. 1454 (Jan. 11, 2018).

On March 19, 2018, the President responded to “recent actions taken by the Maduro regime to attempt to circumvent U.S. sanctions by issuing a digital currency in a process that Venezuela’s democratically elected National Assembly has denounced as unlawful,” by issuing E.O. 13827. 83 Fed. Reg. 12,469 (Mar. 21, 2018). That order is excerpted below.

Treasury also designated four current or former Venezuelan government officials pursuant to E.O. 13692 on March 19, 2018: Willian Antonio CONTRERAS, Nelson Reinaldo LEPAJE SALAZAR, Americo Alex MATA GARCIA, Carlos Alberto ROTONDARO COVA. 83 Fed. Reg. 46,254 (Sep. 12, 2018). On September 25, 2019, Treasury designated the following individuals and entities under E.O. 13692: Cilia Adela FLORES DE MADURO, Vladimir PADRINO LOPEZ, Jose Omar PAREDES, Delcy Eloina RODRIGUEZ GOMEZ, Jorge Jesus RODRIGUEZ GOMEZ, Edgar Alberto SARRIA DIAZ, AVERUCA, C.A., PANAZEATE SL, QUIANA TRADING LIMITED. 83 Fed. Reg. 50,144 (Oct. 4, 2018).

**Section 1.** (a) All transactions related to, provision of financing for, and other dealings in, by a United States person or within the United States, any digital currency, digital coin, or digital token, that was issued by, for, or on behalf of the Government of Venezuela on or after January 9, 2018, are prohibited as of the effective date of this order.

(b) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the effective date of this order. **Sec. 2.** (a) Any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

\* \* \* \*

On May 18, 2018, OFAC designated the following individuals pursuant to E.O. 13692 for being officials of the Government of Venezuela: Marleny Josefina CONTRERAS HERNANDEZ; Diosdado CABELLO RONDON; and Jose David CABELLO RONDON. 83 Fed. Reg. 25,113 (May 31, 2018). At the same time, OFAC designated Rafael Alfredo SARRIA DIAZ under E.O. 13692 for links to another individual designated under E.O. 13692 as well as three entities linked to persons designated under E.O. 13692 (11420 CORP., NOOR PLANTATION INVESTMENTS LLC, and SAI ADVISORS INC.). *Id.*

On May 21, 2018 the United States responded to developments in Venezuela with a new executive order and statements by the Vice President and Secretary of State. The executive order, E.O. 13835, “Prohibiting Certain Additional Transactions With Respect to Venezuela,” responds to

recent activities of the Maduro regime, including endemic economic mismanagement and public corruption at the expense of the Venezuelan people and their prosperity, and ongoing repression of the political opposition; attempts to undermine democratic order by holding snap elections that are neither free nor fair; and the regime’s responsibility for the deepening humanitarian and public health crisis in Venezuela.

83 Fed. Reg. 24,001 (May 24, 2018). It prohibits specific transactions by U.S. persons or in the United States with Venezuela, such as those involving Government of Venezuela debt. President Trump’s statement on the new measures includes the following:

Today, I have taken action to prevent the Maduro regime from conducting “fire sales,” liquidating Venezuela’s critical assets—assets the country will need to rebuild its economy. This money belongs to the Venezuelan people.

I have signed an Executive Order to prevent the Maduro regime from selling or collateralizing certain Venezuelan financial assets, and to prohibit the regime from earning money from the sale of certain entities of the Venezuelan government.

Vice President Pence made the following statement on May 21, 2018 regarding Venezuela's elections (available at <https://www.whitehouse.gov/briefings-statements/statement-vice-president-mike-pence-venezuelas-elections/>):

Venezuela's election was a sham—neither free nor fair. The illegitimate result of this fake process is a further blow to the proud democratic tradition of Venezuela. Every day, thousands of Venezuelans flee brutal oppression and grinding poverty—literally voting with their feet. The United States will not sit idly by as Venezuela crumbles and the misery of their brave people continues. America stands against dictatorship and with the people of Venezuela. The Maduro regime must allow humanitarian aid into Venezuela and must allow its people to be heard.

And Secretary Pompeo issued a press statement on May 21, 2018 on the elections in Venezuela, available at <https://www.state.gov/secretary/remarks/2018/05/282303.htm>.

The United States condemns the fraudulent election that took place in Venezuela on May 20. This so-called "election" is an attack on constitutional order and an affront to Venezuela's tradition of democracy. Until the Maduro regime restores a democratic path in Venezuela through free, fair, and transparent elections, the government faces isolation from the international community.

Sunday's process was choreographed by a regime too unpopular and afraid of its own people to risk free elections and open competition. It stacked the Venezuelan courts and National Electoral Council with biased members aligned with the regime. It silenced dissenting voices. It banned major opposition parties and leaders from participating. As of May 14, more than 338 political prisoners remained jailed, more than in all other countries in the hemisphere combined. The regime stifled the free press. State sources dominated media coverage, unfairly favoring the incumbent. Most contemptible of all, the regime selectively parceled out food to manipulate the votes of hungry Venezuelans.

The Maduro regime fails to defend the Venezuelan people's right to democracy as reflected in the Inter-American Democratic Charter. The United States stands with democratic nations in support of the Venezuelan people and will take swift economic and diplomatic actions to support the restoration of their democracy.

E.O. 13835 is excerpted below.

---

\* \* \* \*

**Section 1.** (a) All transactions related to, provision of financing for, and other dealings in the following by a United States person or within the United States are prohibited:

(i) the purchase of any debt owed to the Government of Venezuela, including accounts receivable;

(ii) any debt owed to the Government of Venezuela that is pledged as collateral after the effective date of this order, including accounts receivable; and

(iii) the sale, transfer, assignment, or pledging as collateral by the Government of Venezuela of any equity interest in any entity in which the Government of Venezuela has a 50 percent or greater ownership interest. (b) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the effective date of this order.

**Sec. 2.** (a) Any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

\* \* \* \*

On September 7, 2018, OFAC updated the SDN list entry for Rafael Alfredo SARRIA DIAZ, an individual sanctioned pursuant to the Venezuela sanctions program. 83 Fed. Reg. 46,254 (Sep. 12, 2018). Also on September 7, OFAC designated the following individuals pursuant to E.O. 13692: Willian Antonio CONTRERAS; Nelson Reinaldo LEPAJE SALAZAR; Americo Alex MATA GARCIA; and Carlos Alberto ROTONDARO COVA. 83 Fed. Reg. 46,254 (Sep. 12, 2018). On September 25, 2018, OFAC designated several individuals, entities, and associated aircraft under Venezuela sanctions authorities. 83 Fed. Reg. 50,144 (Oct. 4, 2018). The following individuals were sanctioned under E.O. 13692 for being officials of the Government of Venezuela: Cilia Adela FLORES DE MADURO; Vladimir PADRINO LOPEZ; Delcy Eloina RODRIGUEZ GOMEZ; and Jorge Jesus RODRIGUEZ GOMEZ. *Id.* The following individuals were designated under E.O. 13692 for their links to other designated persons: Jose Omar PAREDES and Edgar Alberto SARRIA DIAZ. *Id.* The entities blocked under E.O. 13692 on September 25 are: AVERUCA, C.A.; PANAZEATE SL; and QUIANA TRADING LIMITED. *Id.* The State Department issued a media note about the designations on September 25, 2018, available at <https://www.state.gov/the-united-states-imposes-sanctions-on-venezuelan-individuals-and-entities/>, and excerpted below.

Today, the United States imposed sanctions on four current or former officials of the Government of Venezuela: First Lady and Former Attorney General Cilia Adela Flores de Maduro, Executive Vice President Delcy Eloina Rodriguez Gomez, Minister of Communication and Information Jorge Jesus Rodriguez Gomez, and Minister of Defense Vladimir Padrino Lopez.

In addition, the United States has designated additional individuals and entities that are part of a network supporting Rafael Alfredo Sarria Diaz, a key front person for sanctioned Venezuelan President of the illegitimate Constituent Assembly, Diosdado Cabello Rondon. The United States designated both Sarria Diaz and Cabello on May 18. The individuals sanctioned today that form part of the network associated with Rafael Alfredo Sarria Diaz are: Jose Omar Paredes and Edgar Alberto Sarria Diaz. The entities sanctioned for being owned or controlled by, or have acted or purported to act for or on behalf of Sarria Diaz are: Quiana Trading Limited and AVERUCA, C.A. In addition, the United States has sanctioned Panazeate SL for being owned or controlled by, or have acted or purported to act for or on behalf of, Edgar Alberto Sarria Diaz.

E.O. 13850 of November 1, 2018, entitled “Blocking Property of Additional Persons Contributing to the Situation in Venezuela,” is excerpted below. 83 Fed. Reg. 55,243 (Nov. 2, 2018).

---

\* \* \* \*

**Section 1.** (a) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) to operate in the gold sector of the Venezuelan economy or in any other sector of the Venezuelan economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State;

(ii) to be responsible for or complicit in, or to have directly or indirectly engaged in, any transaction or series of transactions involving deceptive practices or corruption and the Government of Venezuela or projects or programs administered by the Government of Venezuela, or to be an immediate adult family member of such a person;

(iii) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any activity or transaction described in subsection (a)(ii) of this section, or any person whose property and interests in property are blocked pursuant to this order; or

(iv) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order.

(b) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the date of this order.

**Sec. 2.** The unrestricted immigrant and nonimmigrant entry into the United States of aliens determined to meet one or more of the criteria in subsection 1(a) of this order would be detrimental to the interests of the United States, and the entry of such persons into the United

States, as immigrants or nonimmigrants, is therefore hereby suspended. Such persons shall be treated as persons covered by section 1 of Proclamation 8693 of July 24, 2011 (Suspension of Entry of Aliens Subject to United Nations Security Council Travel Bans and International Emergency Economic Powers Act Sanctions).

\* \* \* \*

## **5. Democratic People's Republic of Korea**

### ***a. General***

On July 23, 2018, the State Department issued as a media note an advisory on sanctions risks for businesses with supply chain links to North Korea. The media note is available at <https://www.state.gov/advisory-released-on-sanctions-risks-for-businesses-with-supply-chain-links-to-north-korea/> and includes the following:

Multiple U.S. and UN sanctions impose restrictions on trade with North Korea and the use of North Korean labor, potentially impacting a company's supply chain operations. The two primary sanctions compliance risks are: (1) inadvertent sourcing of goods, services, or technology from North Korea, and (2) the presence of North Korean citizens or nationals in those supply chains, whose labor generates revenue for the North Korean government. This advisory also provides due diligence references for businesses.

Businesses should be aware of these deceptive practices in order to implement effective due diligence policies, procedures, and internal controls to ensure compliance with applicable legal requirements across their entire supply chain.

### ***b. Human rights***

On December 10, 2018, the State Department issued a press statement on the release of its report on human rights abuses and censorship in North Korea, submitted in compliance with Section 304 (a) of the North Korea Sanctions and Policy Enhancement Act of 2016, Public Law 114-122, enacted on February 18, 2016. The press statement is available at <https://www.state.gov/r/pa/prs/ps/2018/12/287990.htm> and the report is available at <https://www.state.gov/reports-bureau-of-democracy-human-rights-and-labor/report-on-serious-human-rights-abuses-or-censorship-in-north-korea-2/>. The Act provides for regular reports that: (1) identify each person the Secretary determines to be responsible for serious human rights abuses or censorship in North Korea and describes the conduct of that person; and (2) describes serious human rights abuses or censorship undertaken by the Government of the DPRK or any person acting for or on behalf of the DPRK in the most recent year ending before the submission of the report. For further information on the North Korea Sanctions and Policy Enhancement Act of 2017, see *Digest 2016* at 629 and 646.

The December 2018 report identifies three individuals and three groups responsible for serious human rights abuses or censorship. As summarized in the December 10, 2018 press statement:

This report focuses primarily on the regime's efforts to suppress independent media and freedom of expression. Independent media cannot operate legally in North Korea. All media is strictly censored by government authorities who conduct pre-publication screenings to ensure there is no deviation from the official line. Authorities take steps to jam foreign radio broadcasts, and interagency task forces conduct warrantless searches for foreign media. Individuals accused of viewing foreign films are reportedly subject to imprisonment or even execution.

Excerpts follow from the report.

---

\* \* \* \*

**Group 109** (also known as Group 1118 and Group 627) is a committee comprising members of the Ministry of State Security (MSS), the Ministry of People's Security (MPS), and other offices. The committee is most notable for its mandate to restrict the sale or use of foreign media and/or content. Only CDs and DVDs bearing a government seal indicating that they have been reviewed and approved may be used. North Koreans caught with illicit entertainment items such as DVDs, CDs, and USBs are at a minimum sent to prison camps and, in extreme cases, may face public execution. Furthermore, officers in Group 109 have the authority to randomly inspect and raid individuals' homes without a warrant. A Universal Periodic Review of the Human Rights situation in North Korea released by the Committee for Human Rights in North Korea confirmed that Group 109 continues to engage in these activities and commit further abuses.

**Group 118** is a committee that was initially created to stop the trade and movement of illegal drugs. Now its mandate is similar to that of Group 109, and it is known for its particular focus on the inspection and confiscation of computer content. This group is reportedly made up of officers from the MSS and MPS. It conducts random inspections of computers, computer discs (USB and CD-ROM), portable data storage devices, and cell phones (including Chinese cell phones).

**Group 114** is a committee created by the WPK and the MSS that is tasked with restricting what the government considers impure media. Its primary function is to censor content and investigate individuals who have allegedly obtained access to foreign media. This group not only prevents outside information from entering the DPRK, but also scrutinizes officials to prevent confiscated products from being resold or consumed. The committee secretly monitors Jangmadang (North Korean markets) and surveils defectors living in China. According to media reports, Group 114 agents are responsible for kidnapping defectors who escape into China and sometimes even South Korean and Chinese individuals involved in human rights activities. If captured, these individuals are either executed or sent into the political prison camp system, where serious human rights abuses such as torture, deliberate starvation, forced labor, and sexual violence are systematized as a matter of State policy.

**Jong Kyong Thaek** is the Minister of State Security. In this capacity, he oversees the MSS. In the July 6, 2016, report, the Department of State identified the MSS and the National Defense Commission as responsible for serious human rights abuses and censorship. Given the highly centralized and hierarchical nature of the North Korean government and Jong's status as Minister of State Security, it appears Jong plays a role directing the censorship activities and abuses perpetrated by the MSS. Most notably, he is involved in directing abuses committed in the political prison camp system, where serious human rights abuses such as torture, deliberate starvation, forced labor, and sexual violence are systematized as a matter of State policy.

**Choe Ryong Hae** is the vice chairman for organization for the WPK and the director of the WPK Organization and Guidance Department (OGD). He is also vice chairman of the State Affairs Commission, a member of several powerful WPK committees including the WPK Central Committee Political Bureau Presidium, and a deputy to the Supreme People's Assembly. The OGD, a Party oversight body, is possibly the most powerful organization inside the DPRK. As noted in the Department of State's July 6, 2016, report and NGO reports, the OGD is instrumental in implementing the DPRK's censorship policies. When a party official deviates from the official message in public remarks, the OGD will dispatch an official to monitor a self-criticism session. The OGD also assumes oversight responsibilities of organizations undergoing party audits to inspect for ideological discipline.

**Pak Kwang Ho** is the director of the WPK's Propaganda and Agitation Department (PAD), which controls all media produced in the country. In the July 6, 2016, report, the Department of State identified the PAD as responsible for censorship; further, it maintains oppressive information control and is responsible for indoctrinating the people of the DPRK. In his capacity as Director of the PAD, Pak is responsible for maintaining ideological purity and managing the general censorship functions of the PAD, furthering the suppression of freedom of speech, expression, and censorship in the DPRK.

\* \* \* \*

**c. Nonproliferation**

**(1) UN sanctions**

On March 22, 2018, the United States submitted its report on U.S. measures implementing UN Security Council Resolution 2397 (2017) regarding the DPRK, in particular, paragraphs 3 to 12 and 14. See *Digest 2017* at 639-41 for background on Resolution 2397. The U.S. report is excerpted below and available at <https://www.un.org/securitycouncil/sanctions/1718/implementation-reports>.

---

\* \* \* \*

The United States has designated the individuals and the entity listed in annexes I and II to resolution [2397 \(2017\)](#) for an asset freeze under various authorities administered by the Department of the Treasury and the Department of State. Pursuant to public guidance issued by the Office of Foreign Assets Control, this freeze applies to entities that are 50 per cent or more



owned by one or more designated persons. Individuals and entities acting on behalf or at the direction of a designated individual or entity, and entities that are controlled (but are not 50 per cent or more owned) by designated entities, may be subject to derivative designations under the authority used to designate the primary target.

The names of the individuals listed in annex I have been entered into the appropriate consular database for assessment, should an individual apply for a visa or entry. Individuals and entities acting on behalf or at the direction of a designated individual or entity may be subject to derivative designations under the authority used to designate the primary target.

The Department of Homeland Security has the authority to deny aliens entry into or transit through the United States based on grounds specified by the relevant laws and regulations,

...

The Export Administration Regulations of the Department of Commerce prohibit the export from the United States to the Democratic People's Republic of Korea (or re-export from a third country) of all items subject to the Regulations, except food or medicine under classification "EAR99", unless otherwise authorized. An Export Administration Regulations licence requirement applies to all vessels, including tankers, subject to the Regulations, including United States and foreign-origin vessels in which the value of the United States-origin content exceeds 10 per cent of the item's total value, regardless of flag. The Bureau of Industry and Security reviews licence applications for the export or re-export of crude oil, refined petroleum products, industrial machinery, iron, steel or other metals, and vessels subject to the Regulations on a case-by-case basis. A separate export or re-export licence requirement could apply to the vessel (regardless of flag) whether or not the items being transported are subject to the Regulations.

Section 3 (a) (i) of Executive Order 13722, administered by the Department of the Treasury in consultation with the Department of State, prohibits the exportation or re-exportation, directly or indirectly, from the United States or by a United States person, wherever located, of any goods, services or technology to the Democratic People's Republic of Korea, except as otherwise licensed or exempted. Under the Executive Order, the Office of Foreign Assets Control prohibits exports from abroad by United States persons of items not subject to the Regulations.

Since 1998, the Federal Aviation Administration has prohibited civil flight operations by United States-registered aircraft, except where the operator of such aircraft is a foreign air carrier, through the Pyongyang Flight Information Region west of 132 degrees east longitude, which includes the territorial airspace of the Democratic People's Republic of Korea. The flight prohibition also applies to all United States air carriers or commercial operators and all persons exercising the privileges of an airman certificate issued by the Federal Aviation Administration, except such persons operating United States-registered aircraft for foreign air carriers. Exceptions exist for (a) operations authorized by an exemption issued by the Federal Aviation Administration; (b) operations authorized by another agency of the Government of the United States with Federal Aviation Administration approval; and (c) in-flight emergencies. On 3 November 2017, the Federal Aviation Administration issued a notice to airmen expanding its flight prohibition to include all United States civil aviation operations in the Pyongyang Flight Information Region east of 132 degrees east longitude, which were previously allowed under Special Federal Aviation Regulation No. 79.

The United States Customs and Border Protection of the Department of Homeland Security can inspect all cargo on aircraft destined for or departing from the United States (see, e.g., title 19, sections 482 and 1499 of the United States Code) and seize and/or forfeit any article introduced or exported contrary to law or arms or munitions of war exported in violation of law, as well as any associated vessel or aircraft (see, e.g., title 19, section 1595 a and title 22, section 401 of the United States Code).

With respect to United States-flagged vessels, pursuant to title 14, section 89 of the United States Code, the United States Coast Guard of the Department of Homeland Security may board and inspect any United States-flagged vessel anywhere it is located, beyond the territorial sea of another country, to enforce United States laws. Within the United States contiguous zone (up to 24 nautical miles from the coastline of the United States), the United States Coast Guard and the United States Customs and Border Protection may board vessels destined for or departing from the United States, examine manifests and search cargo ....

If a vessel or aircraft is itself of United States origin, regardless of its flag, or if the value of the United States-origin parts of the vessel or aircraft exceeds 10 per cent of its total value, the vessel or aircraft itself is subject to the Export Administration Regulations, and a Bureau of Industry and Security licence would be required for the vessel or aircraft to travel to the Democratic People's Republic of Korea and for its re-export from that country to a third country. These export and re-export rules under the Export Administration Regulations apply even if the prohibited items the vessel or aircraft is transporting are not themselves subject to the Regulations because they do not meet the de minimis threshold for controlled United States-origin content.

...Section 1 of Executive Order 13570, administered by the Department of the Treasury in consultation with the Department of State, prohibits the importation into the United States, directly or indirectly, of any goods, services or technology from the Democratic People's Republic of Korea. Section 2 (a) of Executive Order 13570 prohibits any transaction by a United States person or within the United States that evades or avoids, has the purpose of evading or avoiding, causes a violation of or attempts to violate the prohibitions in Executive Order 13570.

In addition, wherever located, a United States person is prohibited by Executive Order 13722 from dealing in property in which a designated person, including the Government of the Democratic People's Republic of Korea, has any interest.

\* \* \* \*

Currently there are very few nationals of the Democratic People's Republic of Korea who have authorization to work in the United States. The majority of those who do were granted refugee status or asylum status or are currently applying for asylum (see North Korean Human Rights Act of 2004, Public Law No. 108-133).

On 24 September 2017, President Trump issued Proclamation No. 9645, which, among other things, suspends the entry into the United States of nationals of the Democratic People's Republic of Korea, subject to certain exceptions and waivers. The Proclamation restricts entry into the United States of nationals of the Democratic People's Republic of Korea who were outside the United States as at 18 October 2017, if they did not have a valid visa on that date and if they do not qualify for a visa or other valid travel document based on revocation or cancellation of a visa as a result of Executive Order 13769.

The Proclamation provides exceptions to this restriction for nationals of the Democratic People's Republic of Korea who (a) are lawful permanent residents of the United States; (b) are admitted to or paroled into the United States on or after 18 October 2017; (c) have a document other than a visa valid on 18 October 2017 or issued on any date thereafter, that permits them to travel to the United States and seek entry or admission; (d) are dual nationals of a non-designated country traveling on a passport issued by the non-designated country; (e) are travelling on a diplomatic or diplomatic-type visa; or (f) are applying for or have been granted asylum in the United States, are refugees who have already been admitted into the United States, or are applying for or have been granted protection from removal under the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. The Proclamation also provides for case-by-case waivers if it is determined that denying entry would cause undue hardship, that entry would not pose a threat to national security or public safety and that entry would be in the national interest. In addition, bringing individuals who are ordinarily resident in the Democratic People's Republic of Korea to the United States for work is a prohibited importation of services from that country under section 1 of Executive Order 13570.

A national of the Democratic People's Republic of Korea in the United States who does not have and is not seeking asylum status or related protection could be removed under title 8, section 1182 (grounds of inadmissibility) and section 1227 (grounds of removability) of the United States Code, depending on the manner of entry, any criminal activity, fraud or misrepresentation, and any actions or attempted actions that could adversely affect national security or foreign policy.

\* \* \* \*

The United States will implement the vessel freeze provision in paragraph 9 of the resolution under Executive Order 13382, which allows the United States to block or “freeze” the property and assets, subject to United States jurisdiction, of weapons of mass destruction proliferators and their supporters, as well as other North Korea-related Executive Orders, including 13551, 13687, 13722 and 13810, all of which provide the authority to designate persons in connection with North Korea's activities and identify vessels as the blocked property of those persons.

\* \* \* \*

On March 30, 2018, the UN Security Council's 1718 Committee approved a package of sanctions designations under the North Korea sanctions regime that was advanced by the United States. See March 30, 2018 press release, available at <https://usun.usmission.gov/press-release-ambassador-haley-on-another-historic-un-sanctions-package-on-north-korea/>. As described in the press release,

The UN Security Council's 1718 North Korea Sanctions Committee unanimously approved 49 new UN designations—21 shipping companies, one individual, and 27 ships—all aimed at countering North Korea's illegal maritime smuggling activities to obtain oil and sell coal, and preventing certain entities and ships from aiding them in these efforts.

These new designations were proposed last month by the U.S. Mission to coincide with the announcement of the U.S. Treasury Department's largest-ever North Korea sanctions package, and are part of a coordinated U.S. government effort with our allies and partners to continue the maximum pressure campaign on the North Korean regime and systematically shut down its maritime smuggling activities.

On July 20, 2018, Secretary Pompeo addressed the UN regarding implementation of UN sanctions on North Korea in the context of U.S. talks with North Korea on denuclearization. His remarks are available at <https://usun.usmission.gov/remarks-to-press-by-secretary-pompeo-and-ambassador-haley-at-the-un/> and excerpted below.

---

\* \* \* \*

The countries of the Security Council are united on the need for final, fully verified denuclearization of North Korea, as agreed to by Chairman Kim. Strict enforcement of sanctions is critical to our achieving this goal.

Members of the UN Security Council, and by extension all UN member-states, have unanimously agreed to fully enforce sanctions on North Korea, and we expect them to continue to honor those commitments. When sanctions are not enforced, the prospects for the successful denuclearization are diminished. Right now, North Korea is illegally smuggling petroleum products into the country at a level that far exceeds the quotas established by the United Nations. These illegal ship-to-ship transfers are the most prominent means by which this is happening.

These transfers happened at least 89 times in the first five months of this year and they continue to occur. The United States reminds every UN member-state of its responsibility to stop illegal ship-to-ship transfers, and we urge them to step up their enforcement efforts as well.

We must also crack down on other forms of sanctions evasion, including the smuggling of coal by sea, smuggling by overland borders, and the presence of North Korean guest workers in certain countries. North Korean cyber thefts and other criminal activities are also generating significant revenues for the regime, and they must be stopped.

\* \* \* \*

On August 3, 2018, the U.S. Mission to the UN issued a statement on sanctions actions by the UN Security Council's 1718 North Korea Sanctions Committee. The statement follows and is available at <https://usun.usmission.gov/statement-from-the-u-s-mission-to-the-un-on-north-korea-sanctions-actions-at-the-un/>.

The U.S. Mission to the United Nations submitted a list of designation proposals today to the UN Security Council's 1718 North Korea Sanctions Committee as part of the U.S. government's regular sanctions implementation activities. This action coincided with today's Treasury Department actions and is part of a

coordinated U.S. government effort to continue to implement existing sanctions, both domestic and multilateral, and cut off North Korea's illicit financial activities. The United States has been clear that if the international community wants to achieve the final, fully verified denuclearization of North Korea, the best way to support that process is to remain vigilant in applying the current sanctions to their full extent.

On September 22, 2018, the State Department issued a press statement regarding international efforts to implement UN Security Council resolutions on the DPRK's illicit shipping activities. The statement is available at <https://www.state.gov/international-efforts-to-implement-un-security-council-resolutions-on-dprks-illicit-shipping-activities/> and excerpted below.

---

\* \* \* \*

The United States welcomes coordination on international efforts to implement UN Security Council Resolutions on North Korea's illicit shipping activities, which prohibit ship-to-ship transfers of any goods or items to or from North Korean vessels of any goods or items going to or coming from North Korea.

The United States applauds the recent announcements from Japan, Australia and New Zealand regarding monitoring and surveillance activities to detect UN-prohibited illicit North Korean maritime activities, with a particular focus on detecting and disrupting ship-to-ship transfers of refined petroleum to North Korean tankers in the East China Sea. We are pleased that this coordinated, multinational initiative includes these countries, along with Canada, France, and the United Kingdom. As part of this effort, we are sharing information and coordinating efforts to ensure that UN Security Council Resolutions are implemented fully and effectively. In support of this initiative, the United States has deployed aircraft and surface vessels to detect and disrupt these activities.

North Korea continues to regularly employ deceptive tactics to evade UN sanctions. Accordingly, UN Member States are required to prohibit persons or entities subject to their jurisdiction from engaging in ship-to-ship transfers of refined petroleum. In addition, the United States will not hesitate to impose sanctions on any individual, entity, or vessel supporting North Korea's illicit activities, regardless of nationality.

The United States and international partners remain committed to achieving the final, fully verified denuclearization of North Korea and believe the full enforcement of North Korean-related UN Security Council Resolutions is crucial to a successful outcome. The international community must continue to enforce and implement UN Security Council Resolutions until North Korea denuclearizes.

\* \* \* \*

On September 27, 2018, Secretary Pompeo addressed the UN Security Council at a meeting on the DPRK. His remarks are excerpted below and available at <https://www.state.gov/remarks-at-a-meeting-on-the-democratic-peoples-republic-of-korea/>.

---

\* \* \* \*

Time and time again over the past quarter century, the United Nations has made it clear: the world cannot accept a nuclear-armed North Korea. That's not just the United States position. That is the world's position.

Past diplomatic attempts to halt North Korea's nuclear and ballistic missile development were unsuccessful. But now we're at the dawn of a new day. Since taking office, President Trump has led the international pressure campaign that has resulted in the first significant diplomatic breakthrough in decades.

During President Trump and Chairman Kim's historic Singapore summit, Chairman Kim committed to work towards the complete denuclearization of the Korean Peninsula. The two leaders share a common personal understanding of what must take place for the transformation of the United States-DPRK relations.

The United States continues to engage with North Korea to implement the commitments made in Singapore. Yesterday, I had a very positive meeting with Foreign Minister Ri Yong Ho to discuss how we can move forward on all four commitments in the Singapore joint statement. We also discussed a second summit between President Trump and Chairman Kim Jong-un.

We must not forget what's brought us this far: the historic international pressure campaign that this council has made possible through the sanctions that it imposed. Until the final denuclearization of the DPRK is achieved and fully verified, it is our solemn collective responsibility to fully implement all UN Security Council resolutions pertaining to North Korea.

President Trump has made abundantly clear that if Chairman Kim follows through on his commitments, a much brighter future lies ahead for North Korea and its people, and the United States will be at the forefront of facilitating that bright future.

We want to see that time come as quickly as possible. But the path to peace and a brighter future is only through diplomacy and only denuclearization. That means any other path North Korea may choose will inevitably lead to ever-increasing isolation and pressure.

It is imperative for members of the United Nations to take that to heart. Enforcement of UN Security Council sanctions must continue vigorously and without fail until we realize the fully, final, verified denuclearization. The members of this council must set the example on that effort, and we must all hold each other accountable.

Particularly, we must all be accountable to enforce Resolution 2397, which lowered the annual cap on refined petroleum imports to North Korea. The United States has assessed—and we can say in no uncertain terms—that the cap of 500,000 barrels has been breached this year.

We continue to see illegal imports of additional refined petroleum using ship-to-ship transfers, which are clearly prohibited under the UN resolution. As UN Security Council members, we must convey to the captains of these ships, to their owners, and anyone else involved in these transfers that we are watching them and that they must cease their illicit activity.

We must all be accountable for cutting off North Korea's illegal coal exports, which provide funds that go directly to its WMD programs.

And we must be accountable, too, for curbing the number of North Korean laborers permitted within our borders. The United States is troubled by recent reports that member-states, including members of the Security Council, are hosting new North Korean laborers. This violates the spirit and the letter of the Security Council resolutions that we all agreed to uphold.

\* \* \* \*

On October 16, 2018, the UN Security Council's 1718 Committee announced designations of vessels SHANG YUAN BAO, NEW REGENT, and KUM UN SAN 3 for transfers of refined petroleum to North Korean ships. See October 26, 2018 State Department press statement, available at <https://www.state.gov/designation-of-vessels-shang-yuan-bao-new-regent-and-kum-un-san-3/>. The United States welcomed the designations in the State Department press statement, adding:

We call on the 1718 Committee to designate any vessels under consideration that have shown to be involved in ship-to-ship transfers. The UN is designating the ships for a port entry ban and deflagging. This action is necessary as North Korea's illicit shipping activities continue, despite UN prohibitions on ship-to-ship transfers of any goods or items to or from North Korean vessels of any goods or items going to or coming from North Korea.

The United States notes that this action follows recent announcements from Canada, France, Japan, and the United Kingdom regarding monitoring and surveillance activities to detect UN-prohibited illicit North Korean maritime activities, with a particular focus on detecting and disrupting ship-to-ship transfers of refined petroleum to North Korean tankers in the East China Sea. The United States is also releasing imagery that demonstrates the results of this coordinated, multinational initiative, which includes these countries, along with Australia and New Zealand. In support of this initiative, the United States has deployed aircraft and surface vessels to detect and disrupt these activities.

(2) *U.S. sanctions*

(a) *Missile proliferation*

On January 31, 2018, the State Department published in the Federal Register the determination that North Korean entities have been involved in missile proliferation activities requiring the imposition of sanctions pursuant to the Arms Export Control Act, the Export Administration Act of 1979, E.O. 12851, and E.O. 13222. 83 Fed. Reg. 4536 (Jan. 31, 2018). The entities subject to sanctions are: Chilsong Trading Corporation (North Korea) and its sub-units and successors and Korea Kuryonggang Trading Corporation (North Korea) and its sub-units and successors. *Id.* The sanctions imposed for two years include: (A) Denial of all new individual licenses for the transfer to the

sanctioned entities of all items on the U.S. Munitions List and all items the export of which is controlled under the Export Administration Act; (B) Denial of all U.S. Government contracts with the sanctioned entities; and (C) Prohibition on the importation into the U.S. of all products produced by the sanctioned entities of the North Korean government affecting the development or production of electronics, space systems or equipment, and military aircraft. *Id.* Similar measures also are applied for two years to the government of North Korea because it has a non-market economy. *Id.*

(b) *Chemical Weapons*

On March 5, 2018, the U.S. Department of State published its determination that the Government of North Korea had used chemical weapons in violation of international law or lethal chemical weapons against its own nationals, triggering sanctions under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (“CBW Act”). 83 Fed. Reg. 9362 (Mar. 5, 2018). As explained in the Federal Register notice, the sanctions imposed pursuant to Sections 306(a), 307(a), and 307(d) of the CBW Act (22 U.S.C. 5604(a) and Sec 5605(a)), are as follows:

1. *Foreign Assistance*: Termination of assistance to North Korea under the Foreign Assistance Act of 1961, except for urgent humanitarian assistance and food or other agricultural commodities or products.
2. *Arms Sales*: Termination of (a) sales to North Korea under the Arms Export Control Act of any defense articles, defense services, or design and construction services, and (b) licenses for the export to North Korea of any item on the United States Munitions List.
3. *Arms Sales Financing*: Termination of all foreign military financing for North Korea under the Arms Export Control Act.
4. *Denial of United States Government Credit or Other Financial Assistance*: Denial to North Korea of any credit, credit guarantees, or other financial assistance by any department, agency, or instrumentality of the United States Government, including the Export-Import Bank of the United States.
5. *Exports of National Security- Sensitive Goods and Technology*: Prohibition on the export to North Korea of any goods or technology on that part of the control list established under section 2404(c)(1) of the Appendix to Title 50.

(c) *E.O. 13687*

See *Digest 2015* at 645 for background on Executive Order 13687, “Imposing Additional Sanctions With Respect To North Korea.” On January 24, 2018, OFAC designated the following officials of the Workers' Party of Korea pursuant to E.O. 13687: Song KIM; Tae Chol RYANG; Kwang Hun PAK; Kwon U HAN; Kyong Hak KIM; Pyong Chan KIM; Ho Kyu KIM; Tong Sok PAK; Man Bok JONG; Man Chun KIM; Tok Jin RI. 83 Fed. Reg. 4770 (Feb. 1,



2018). Also designated under E.O. 13687 at the same time was Myong Hun RI, an official of the Government of North Korea. *Id.*

On August 3, 2018, OFAC designated Jong Won RI pursuant to E.O. 13687 for being a North Korean government official. 83 Fed. Reg. 39,158 (Aug. 8, 2018). On October 4, 2018, OFAC designated Song Un RI, pursuant to section 1(a)(ii) of E.O. 13687 for being an official of the Government of North Korea. 83 Fed. Reg. 51,068 (Oct. 10, 2018).

(d) *E.O. 13722*

See *Digest 2016* at 646 for background on Executive Order 13722, “Blocking Property of the Government of North Korea and the Workers’ Party of Korea, and Prohibiting Certain Transactions With Respect to North Korea.” On January 24, 2018, OFAC designated MINISTRY OF CRUDE OIL INDUSTRY pursuant to E.O. 13722. 83 Fed. Reg. 4770 (Feb. 1, 2018). On February 23, 2018, OFAC designated Yung Yuang Tsang under E.O. 13722, along with the entities linked to him—KINGLY WON INTERNATIONAL CO., LTD and PRO-GAIN GROUP CORPORATION. 83 Fed. Reg. 9085 (Mar. 2, 2018). OFAC designated the following pursuant to both E.O. 13810 and E.O. 13722: Yanbian Silverstar Network Technology Co. Ltd; and Volasys Silver Star. 83 Fed. Reg. 47,410 (Sep. 19, 2018). On August 3, 2018, OFAC designated KOREA UNGUM CORPORATION pursuant to Section 2(a)(vii) of E.O. 13722. 83 Fed. Reg. 39,158 (Aug. 8, 2018). On September 6, 2018, OFAC designated one individual—Jin Hyok PARK—and one entity—KOREA EXPO JOINT VENTURE—pursuant to E.O. 13722. 83 Fed. Reg. 46,255 (Sep. 12, 2018). On November 19, 2018, OFAC designated Vladlen AMTCHENTSEV under E.O. 13722 for links to VELMUR MANAGEMENT PTE. LTD., an entity designated under E.O. 13722. 83 Fed. Reg. 60,557 (Nov. 26, 2018).

(e) *E.O. 13382*

E.O. 13382 (“Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters”) also continued to be used in 2018 to sanction entities and individuals linked to North Korean WMD programs. On August 3, 2018, OFAC designated Dandong Zhongsheng Industry & Trade Co., Ltd. pursuant to EO. 13382. 83 Fed. Reg. 39,158 (Aug. 8, 2018).

(f) *E.O. 13551*

On October 4, 2018, OFAC designated Erhan CULHA and Huseyin SAHIN pursuant to section 1(a)(ii)(F) of Executive Order 13551 of August 30, 2010, “Blocking Property of Certain Persons With Respect to North Korea,” (E.O. 13551) for their links to SIA Falcon International Group, a person whose property and interests in property are blocked pursuant to E.O. 13551. 83 Fed. Reg. 51,068 (Oct. 10, 2018). The entity, SIA Falcon International Group, was designated at the same time. *Id.*

(g) *E.O. 13810 (“Imposing Additional Sanctions with respect to North Korea”)*

On January 24, 2018, OFAC designated the following individuals pursuant to E.O. 13810 for operating in the financial services industry in North Korea: Song Nam CHOE; Chol KIM; Il Hwan Ko; Jong Sam PAEK. 83 Fed. Reg. 4770 (Feb. 1, 2018). OFAC also designated several entities under E.O. 13810 at the same time: HANA ELECTRONICS JVC (for operating in the manufacturing industry in North Korea); BEIJING CHENGXING TRADING CO. LTD. (for having engaged in at least one significant importation from or exportation to North Korea of any goods, services, or technology); DANDONG JINXIANG TRADE CO., LTD. (for having engaged in at least one significant importation from or exportation to North Korea of any goods, services, or technology); CK INTERNATIONAL LTD (for operating in the transportation industry in North Korea); GOORYONG SHIPPING CO LTD (for operating in the transportation industry in North Korea); HWASONG SHIPPING CO LTD (for operating in the transportation industry in North Korea); KOREA KUMUNSAN SHIPPING CO (for operating in the transportation industry in North Korea); KOREA MARINE & INDUSTRIAL TRDG (for operating in the transportation industry in North Korea). *Id.* In addition, OFAC designated several vessels pursuant to E.O. 13810 on the same date. *Id.*

On February 23, 2018, OFAC designated 16 shipping entities pursuant to E.O. 13810 for operating in the transportation industry in North Korea. 83 Fed. Reg. 9085 (Mar. 2, 2018). At the same time, OFAC designated several entities under E.O. 13810 for engaging in importation/exportation with North Korea: Chang An Shipping & Technology; HongXiang Marine Hong Kong Ltd; Huaxin Shipping Hong Kong Ltd; Liberty Shipping Co. Ltd; KOTI CORP; SHANGHAI DONGFENG SHPG CO LTD; Shen Zhong International Shpg; WEIHAI WORLD-SHIPPING FREIGHT; YUK TUNG ENERGY PTE LTD. *Id.* And, at the same time, 28 vessels associated with these designated entities were also designated under E.O. 13810. *Id.*

On August 3, 2018, OFAC designated Commercial Bank Agrosoyuz pursuant to E.O. 13810 for links to Han Jang Su (designated pursuant to E.O. 13382). 83 Fed. Reg. 39,158 (Aug. 8, 2018). On August 15, 2018, OFAC designated the following pursuant to E.O. 13810: Vasili Aleksandrovich KOLCHANOV; DALIAN SUN MOON STAR INTERNATIONAL LOGISTICS TRADING CO., LTD; PROFINET PTE. LTD; and SINSMS PTE. LTD. 83 Fed. Reg. 42,767 (Aug. 23, 2018). On August 21, 2018, OFAC designated two entities—GUDZON SHIPPING CO LLC and PRIMORYE MARITIME LOGISTICS CO LTD—and six vessels pursuant to E.O. 13810. 83 Fed. Reg. 42,979 (Aug. 24, 2018).

On September 13, 2018, OFAC designated Song Hwa JONG pursuant to E.O. 13810. 83 Fed. Reg. 47,410 (Sep. 19, 2018). At the same time, OFAC designated the following pursuant to both E.O. 13810 and E.O. 13722: Yanbian Silverstar Network Technology Co. Ltd; and Volasys Silver Star. *Id.*

Section 4 of E.O. 13810 authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to impose sanctions on foreign financial institutions upon determining that the foreign financial institution has, on or after the effective date of E.O. 13810, knowingly conducted or facilitated any significant transaction, among others, on behalf of any person whose property and interests in property are blocked

pursuant to Executive Order 13551 of August 30, 2010, Executive Order 13687 of January 2, 2015, Executive Order 13722 of March 15, 2016, or E.O. 13810, or of any person whose property and interests in property are blocked pursuant to Executive Order 13382 in connection with North Korea-related activities. On October 11, 2018, OFAC added the reference “Secondary sanctions risk: North Korea Sanctions Regulations, sections 510.201 and 510.210” to the SDN list entries for 462 persons (individuals and entities) listed in the Federal Register notice. 83 Fed. Reg. 51,545 (Oct. 11, 2018).

On March 5, 2018, OFAC amended and reissued the North Korea Sanctions Regulations to implement E.O. 13687, E.O. 13722, and E.O. 13810; to reference the North Korea Sanctions and Policy Enhancement Act of 2016 and the Countering America’s Adversaries Through Sanctions Act (“CAATSA”); and to reflect general licenses and make other technical changes. 83 Fed. Reg. 9182 (Mar. 5, 2018).

## **6. Russia**

### ***a. Chemical and Biological Weapons Control and Warfare Elimination Act Sanctions***

On August 8, 2018, senior State Department officials provided a briefing to preview the imposition of sanctions on Russia under the Chemical and Biological Weapons Control and Warfare Elimination Act. The briefing transcript is available at <https://www.state.gov/imposition-of-chemical-and-biological-weapons-control-and-warfare-elimination-act-sanctions-on-russia/> and excerpted below.

---

\* \* \* \*

We are today announcing that we’ve determined under ... the CBW Act, ... that the Government of the Russian Federation has used chemical or biological weapons against international law or against their own nationals. This is a triggering factor under the CBW Act for the imposition of mandatory sanctions.

We notified Congress today that pursuant to this act we intend to impose sanctions against the Russian Federation in a number of respects, the most significant of which is the imposition of a presumption of denial for all national security sensitive goods or technologies that are controlled by the Department of Commerce pursuant to the Export Administration Regulations. These goods are currently subject to ... a case-by-case license determination, but ... henceforth, when these sanctions go into effect, we will be presumptively denying such applications.

We ... anticipate that a Federal Register notice will be put out that will make these official. The congressional notification has gone under the act today. So these things are being set in motion.

There are a number of carve-outs that we are making under the sanctions that are required by the act. Not everything that is mandatory under the act we will be proceeding with at this time. The carve-outs will include a ... waiver for the provision of foreign assistance to Russia

and to the Russian people. Our provision of foreign assistance is a tool of U.S. power and influence, and we're not going to foreswear that just because we have the obligation to impose some sanctions against Russia. So that is going to be a carve-out under ... these new sanctions.

We are also waiving sanctions with respect to space flight activities, because of course there are space flight actions in which we are engaged with the Russian Federation upon which we depend in some regards. Those will be free to continue on a case-by-case licensing basis. And we are also having a carve-out for safety of commercial passenger aviation because some of these national security sensitive goods in question are ones that perhaps might be important for safety of flight issues, so we are allowing ourselves the ability to continue on a case-by-case basis with those items. And there are a couple of more things like purely commercial end users for civilian end uses will be on a case-by-case basis.

Rather than under that presumption of denial, an export license is also with respect to Russian nationals that work with these sorts of goods while employed by firms in the United States as opposed to elsewhere, as well as exports to wholly-owned subsidiaries of U.S. companies and other foreign companies in Russia.

... under [the CBW Act] structure, if a series of criteria are not met within, I believe, 90 days from this point ... we will have to be in a basis of considering whether or not to impose [additional measures] in a second tranche as specified by the structure of the statute. So hopefully we will not get to that point, but that's really a question for Russia than for us.

\* \* \* \*

... I think we have invoked these sanctions under the act on three [occasions] over the years. [The] previous occasions [were] with Syria in 2013 and with the DPRK ... resulting from North Korea's use of a VX nerve agent in the assassination in Kuala Lumpur...

\* \* \* \*

[Y]ou will be able to see in the U.S. code that if the executive branch cannot certify that Russia has met a series of conditions within three months of the initial round of sanctions, the second round must be imposed. Those conditions are pretty demanding, but you can see them for yourself in the statute. They include, for example, that Russia is no longer using chemical or biological weapons in violation of international law, or using lethal chemical or biological weapons against its own nationals; secondly, that Russia has provided reliable assurances that it will not in the future engage in such activities; and also that Russia is willing to allow on-site inspections by United Nations observers or other internationally recognized impartial observers, or other reliable means exist to ensure that the government is not using chemical or biological weapons in violation of international law, et cetera.

... The second round of sanctions under the CBW Act will require ... at least three of a number of sanctions to be imposed. They are in general more draconian than the first round. It's designed to be a sliding scale of pressure, as I understand the creation of the law. And you can find those in Section 307(B) of the act if you're curious.

\* \* \* \*

[W]e have notified the Russians. ... we also mentioned to our allies as well ... We've been doing a good deal of diplomatic engagement before we talk to you today...

...[W]e are applying these sanctions against essentially all ... Russian state-owned or state-funded enterprises. That's potentially a very great sweep of the Russian economy in terms of the potentially affected end users. ... [I]t may be that ... something on the order of 70 percent of their economy and maybe 40 percent of their workforce falls within those enterprises. So to the degree that they wish to acquire national security controlled goods that fall within the ambit of our prescription here, those are potentially affected. It is possible that ... the trade it affected could reach potentially hundreds of millions of dollars, but it also depends upon what ... Russian entities in fact apply to purchase. So if they don't apply for exports of these goods, of course, we ... don't have to use the presumption of denial to deny it.

So really, it's up to Russia how dramatic the impact is. But let me say that overall, historically something upwards of 50 percent of Commerce Department licenses for Russia have included at least one national security controlled item. So this is a non-trivial set of stuff. By dollar value, the top categories of items historically tend to be things like aero gas turbine engines, ... electronic devices and components, integrated circuits, test and calibration equipment of various sorts, materials, production, equipment, and various things like that. The list is enormously elaborate.

\* \* \* \*

Also on August 8, 2018, the Department issued a press statement announcing the imposition of sanctions for Russia's use of a chemical weapon. The press statement is available at <https://www.state.gov/imposition-of-chemical-and-biological-weapons-control-and-warfare-elimination-act-sanctions-on-russia/> and states as follows:

Following the use of a "Novichok" nerve agent in an attempt to assassinate UK citizen Sergei Skripal and his daughter Yulia Skripal, the United States, on August 6, 2018, determined under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (CBW Act) that the Government of the Russian Federation has used chemical or biological weapons in violation of international law or has used lethal chemical or biological weapons against its own nationals.

Following a 15-day Congressional notification period, these sanctions will take effect upon publication of a notice in the *Federal Register*, expected on or around August 22, 2018.

The Federal Register notice of the determinations regarding Russia's use of Chemical Weapons under the CBW Act appeared on August 27, 2018. 83 Fed. Reg. 43,723 (Aug. 27, 2018). Excerpts follow from the Federal Register notice (with a correction, 83 Fed. Reg. 47,390 (Sep. 19, 2018)).

---

\* \* \* \*

Pursuant to Sections 306(a), 307(a), and 307(d) of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991, as amended (22 U.S.C. Section 5604(a) and Section 5605(a)), on August 6, 2018, the Deputy Secretary of State determined that the Government of the Russian Federation has used chemical weapons in violation of international law or lethal chemical weapons against its own nationals. As a result, the following sanctions are hereby imposed:

1. *Foreign Assistance*: Termination of assistance to Russia under the Foreign Assistance Act of 1961, except for urgent humanitarian assistance and food or other agricultural commodities or products.

The Department of State has determined that it is essential to the national security interests of the United States to waive the application of this restriction.

2. *Arms Sales*: Termination of (a) sales to Russia under the Arms Export Control Act of any defense articles, defense services, or design and construction services, and (b) licenses for the export to Russia of any item on the United States Munitions List.

The Department of State has determined that it is essential to the national security interests of the United States to waive the application of this sanction with respect to the issuance of licenses in support of government space cooperation and commercial space launches, provided that such licenses shall be issued on a case-by-case basis and consistent with export licensing policy for Russia prior to the enactment of these sanctions.

3. *Arms Sales Financing*: Termination of all foreign military financing for Russia under the Arms Export Control Act.

4. *Denial of United States Government Credit or Other Financial Assistance*: Denial to Russia of any credit, credit guarantees, or other financial assistance by any department, agency, or instrumentality of the United States Government, including the Export-Import Bank of the United States.

5. *Exports of National Security-Sensitive Goods and Technology*: Prohibition on the export to Russia of any goods or technology on that part of the control list established under Section 2404(c)(1) of the Appendix to Title 50.

The Department of State has determined that it is essential to the national security interests of the United States to waive the application of this sanction with respect to the following:

*License Exceptions*: Exports and reexports of goods or technology eligible under License Exceptions GOV, ENC, RPL, BAG, TMP, TSU, APR, CIV, and AVS.

*Safety of Flight*: Exports and reexports of goods or technology pursuant to new licenses necessary for the safety of flight of civil fixed-wing passenger aviation, provided that such licenses shall be issued on a case-by-case basis, consistent with export licensing policy for Russia prior to enactment of these sanctions.

*Deemed Exports/Reexports*: Exports and re-exports of goods or technology pursuant to new licenses for deemed exports and reexports to Russian nationals, provided that such licenses shall be issued on a case-by-case basis, consistent with export licensing policy for Russia prior to enactment of these sanctions.

**WHOLLY-OWNED U.S. AND OTHER FOREIGN SUBSIDIARIES**: Exports and reexports of goods or technology pursuant to new licenses for exports and reexports to wholly-owned U.S. and other foreign subsidiaries in Russia, provided that such licenses shall be issued on a case-by-case basis, consistent with export licensing policy for Russia prior to enactment of these sanctions.

*Space Flight:* Exports and reexports of goods or technology pursuant to new licenses in support of government space cooperation and commercial space launches, provided that such licenses shall be issued on a case-by-case basis, consistent with export licensing policy for Russia prior to enactment of these sanctions.

*Commercial End-Users:* Exports and reexports of goods or technology pursuant to new licenses for commercial end-users civil end-uses in Russia, provided that such licenses shall be issued on a case-by-case basis, consistent with export licensing policy for Russia prior to enactment of these sanctions.

*SOEs/SFEs:* Exports and reexports of goods or technology pursuant to new licenses for Russian state-owned or state-funded enterprises will be reviewed on a case-by-case basis, subject to a “presumption of denial” policy.

These measures shall be implemented by the responsible departments and agencies of the United States Government and will remain in place for at least one year and until further notice.

\* \* \* \*

On November 6, 2018, the Department informed Congress that it could not certify that the Russian Federation met the conditions required by the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991, and that the Department intended to proceed in accordance with the terms of that act, which directs the implementation of additional sanctions.

***b. Sanctions in response to Russia’s actions in Ukraine***

For background on E.O. 13660, “Blocking Property of Certain Persons Contributing to the Situation in Ukraine,” see *Digest 2014* at 646. For background on E.O. 13662 and Directives 1, 2, and 4, see *Digest 2014* at 647-49. For background on E.O. 13685, “Blocking Property of Certain Persons and Prohibiting Certain Transactions With Respect to the Crimea Region of Ukraine,” see *Digest 2014* at 651-52. For background on E.O. 13661, “Blocking Property of Additional Persons Contributing to the Situation in Ukraine,” see *Digest 2014* at 646-47. The Countering America’s Adversaries Through Sanctions Act (“CAATSA”) was enacted in 2017 in part to respond to Russia’s malign behavior with respect to the crisis in eastern Ukraine, cyber intrusions and attacks, and human rights abuses. See *Digest 2017* at 656-64.

On January 29, 2018, OFAC designated the following individuals pursuant to E.O. 13660: Igor Yurievich ANTIPOV; Aleksey Ivanovich GRANOVSKY; Elena Nikolaevna KOSTENKO; Svetlana Anatolievna MALAKHOVA; Pavel Vladimirovich MALGIN; Ekaterina Sergeevna MATYUSHCHENKO; Oleksandr MELNYCHUK; Serhiy MELNYCHUK; Natalya Yurievna NIKONOROVA; Dmitry Vladimirovich OVSYANNIKOV; Vladimir Igorevich PASHKOV; Vladimir Nikolaevich PAVLENKO; Elena Vladimirovna RADOMSKAYA; and Aleksandr Yurievich TIMOFEEV. 83 Fed. Reg. 5160 (Feb. 5, 2018). Andrey Vladimirovich CHEREZOV; Evgeniy Petrovich GRABCHAK; Bogdan Valeryevich KOLOSOV; and Aleksandr Yevgenyevich PENTYA were designated at the same time pursuant to E.O. 13661. *Id.*

Also at the same time, Valeri Vyacheslavovich ABRAMOV; Viktor Pavlovich PEREVALOV; and Sergey Anatolyevich TOPOR—GILKA were designated pursuant to E.O. 13685. *Id.* The following entities were designated pursuant to E.O. 13660, also on January 29, 2018: DONCOALTRADE SP Z O O; KOMPANIYA GAZ-ALYANS, OOO; UGOLNYE TEKHNologii, OOO; and ZAO VNESHTORGservis. *Id.* The following entities were designated pursuant to E.O. 13661 on January 29, 2018: EVRO POLIS LTD. and INSTAR LODZHISTIKS, OOO. *Id.* PJSC POWER MACHINES; LIMITED LIABILITY COMPANY FOREIGN ECONOMIC ASSOCIATION TECHNOPROMEXPORT; and VAD, AO were designated pursuant to E.O. 13685 at the same time. *Id.* On January 26, 2018, OFAC determined that a designated entity (SURGUTNEFTEGAS) owned a sufficient interest in twelve entities to require those entities be subject to the prohibitions of Directive 4 pursuant to E.O. 13662 and be added to the Sectoral Sanctions Identification List. *Id.*

On February 16, 2018, the Department of Commerce added 21 entities to its Entity List based on their designations under executive orders responding to actions by the Russian Federation (Russia) in violation of international law and fueling the conflict in eastern Ukraine. 83 Fed. Reg. 6949 (Feb. 16, 2018). The Department of Commerce added the following four entities and imposed a license requirement for exports to those entities based on their designation under E.O. 13660: Doncoaltrade SP Z O O; Kompaniya Gaz-Alyans; Ugolnye Tekhnologii, OOO; and ZAO Vneshtorgservis. *Id.* Commerce added two entities based on E.O. 13661: Evro Polis Ltd. and Instar Lodzhistiks, OOO. *Id.* Twelve entities were added to the Entity List based on E.O. 13662: Kaliningradnefteprodukt OOO; Kinef OOO; Kirishiavtoservis OOO; Lengiproneftekhim OOO; Media-Invest OOO; Novgorodnefteprodukt OOO; Pskovnefteprodukt OOO; SNGB AO; SO Tvernefteprodukt OOO; Sovkhos Chervishevski PAO; Strakhovove Obshchestvo Surgutneftegaz OOO; and Surgutmebel OOO. *Id.* Three entities were added based on E.O. 13685: Limited Liability Company Foreign Economic Association Technopomexport; PJSC Power Machines; and VAD, AO. *Id.*

On March 15, 2018, OFAC designated several individuals and entities pursuant to Section 224 of CAATSA. 83 Fed. Reg. 12,238 (Mar. 20, 2018). The individuals so designated are: Sergei AFANASYEV; Vladimir Stepanovich ALEXSEYEV; Sergey Aleksandrovich GIZUNOV; Igor Valentinovich KOROBOV; Igor Olegovich KOSTYUKOV; and Grigoriy Viktorovich MOLCHANOV. *Id.* The entities designated are: MAIN INTELLIGENCE DIRECTORATE; and FEDERAL SECURITY SERVICE (a.k.a. FSB). *Id.*

On April 6, 2018, OFAC designated 24 individuals and thirteen entities pursuant to E.O. 13661 and/or E.O. 13662. 83 Fed. Reg. 19,138 (May 1, 2018). The individuals are: Andrey Igorevich AKIMOV; Vladimir Leonidovich BOGDANOV; Oleg Vladimirovich DERIPASKA; Alexey Gennadyevich DYUMIN; Mikhail Efimovich FRADKOV; Sergei FURSENKO; Oleg GOVORUN; Suleiman Abusaidovich KERIMOV; Vladimir Alexandrovich KOLOKOLTSEV; Konstantin KOSACHEV; Andrey Leonidovich KOSTIN; Alexey Borisovich MILLER; Vladislav Matusovich REZNIK; Igor Arkadyevich ROTENBERG; Nikolai Platonovich PATRUSHEV; Kirill Nikolaevich SHAMALOV; Evgeniy Mikhailovich SHKOLOV; Andrei Vladimirovich SKOCH; Alexander Porfiryevich TORSHIN; Vladimir Vasiliyevich USTINOV; Timur Samirovich VALIULIN; Viktor Feliksovich VEKSELBERG; Alexander Alexandrovich ZHAROV; and Viktor Vasiliyevich ZOLOTOV. *Id.* The entities are: AGROHOLDING KUBAN;



BASIC ELEMENT LIMITED; B–FINANCE LTD; EN+ GROUP PLC; GAZ GROUP; GAZPROM BURENIE, OOO; LADOGA MENEDZHMENT, OOO; NPV ENGINEERING OPEN JOINT STOCK COMPANY; RENOVA GROUP; ROSOBORONEKSPORT OAO;\* RUSSIAN MACHINES; UNITED COMPANY RUSAL PLC. *Id.*

On July 25, 2018, OFAC determined that EESTI KREDIIDIPANK AS would no longer be subject to prohibitions imposed on it pursuant to Directive One under Executive Order 13662 of March 20, 2014, “Blocking Property of Additional Persons Contributing to the Situation in Ukraine.” 83 Fed. Reg. 39,160 (Aug. 8, 2018).

On November 8, 2018, OFAC designated Aleksandr Vasilevich BASOV and Andriy Volodymyrovych SUSHKO, under the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act, as amended by CAATSA, (“SSIDES”). 83 Fed. Reg. 57,532 (Nov. 15, 2018). At the same time, OFAC designated one individual—Vladimir Nikolaevich ZARITSKY—and seven entities— JOINT STOCK COMPANY SANATORIUM AY–PETRI; JOINT STOCK COMPANY SANATORIUM DYULBER; JOINT STOCK COMPANY SANATORIUM MISKHOR; KRYMTETS, AO; LIMITED LIABILITY COMPANY GARANT–SV; LIMITED LIABILITY COMPANY INFRASTRUCTURE PROJECTS MANAGEMENT COMPANY; and MRIYA RESORT & SPA—pursuant to E.O. 13685. *Id.* OFAC also designated LIMITED LIABILITY COMPANY SOUTHERN PROJECT pursuant to both E.O. 13685 and E.O. 13661. *Id.* And OFAC designated one entity pursuant to SSIDES: MINISTRY OF STATE SECURITY. *Id.* The State Department issued a media note on November 8, 2018 regarding the sanctions on these individuals and associated entities due to their support for Russia’s occupation of Crimea and use of force to control Eastern Ukraine. The note is available at <https://www.state.gov/u-s-government-imposes-sanctions-on-supporters-of-russias-occupation-of-crimea-and-forcible-control-of-eastern-ukraine/> and includes the following:

Today, the United States imposed financial sanctions on three individuals and nine entities that are supporting Russia’s attempt to integrate Crimea region of Ukraine through private investment and privatization projects or those that are engaging in serious human rights abuses in furtherance of Russia’s occupation or control over parts of Ukraine.

The sanctioned individuals are Andriy Volodymyrovych Sushko, Aleksandr Basov, and Vladimir Nikolaevich Zaritsky. The sanctioned entities are the Ministry of State Security of so-called Luhansk People’s Republic, Mriya Resort and Spa, Limited Liability Company Garant-SV, Limited Liability Company Infrastructure Projects Management Company, Joint Stock Company Sanatorium AY-Petri, Joint Stock Company Dyulber, Joint Stock Company Sanatorium Miskhor, KRIMTETS, AO, and Limited Liability Company Southern Project.

On December 19, 2018, OFAC determined that the property and interests in property subject to U.S. jurisdiction of several persons would be blocked under E.O. 13661, E.O. 13662, and Section 224 of CAATSA. 83 Fed. Reg. 66,840 (Dec. 27, 2018).

---

\* Editor’s note: Rosoboroneksport OAO was also designated pursuant to E.O. 13582 regarding Syria.

Victor Alekseyevich BOYARKIN was designated under E.O. 13661 and E.O. 13662. *Id.* Individuals designated under Section 224 of CAATSA are: Anatoliy Vladimirovich CHEPIGA; Alexander Yevgeniyevich MISHKIN; Boris Alekseyevich ANTONOV; Anatoliy Sergeyevich KOVALEV; Nikolay Yuryevich KOZACHEK; Aleksey Viktorovich LUKASHEV; Artem Andreyevich MALYSHEV; Alexey Valerevich MININ; Aleksei Sergeyevich MORENETS; Viktor Borisovich NETYKSHO; Aleksandr Vladimirovich OSADCHUK; Aleksey Aleksandrovich POTEKIN; Evgenii Mikhaylovich SEREBRIAKOV; Oleg Mikhaylovich SOTNIKOV; and Ivan Sergeyevich YERMAKOV.

**c. Section 231 of CAATSA**

On January 30, 2018, senior officials at the State Department provided a special briefing on sanctions pursuant to Section 231 of CAATSA. The transcript of the briefing is available at <https://www.state.gov/background-briefing-on-the-counteracting-americas-adversaries-through-sanctions-act-caatsa-section-231/> and excerpted below. See *Digest 2017* at 656-60 for discussion of the activity in 2017 to implement Section 231 of CAATSA.

---

\* \* \* \*

The most important thing ... is to clarify that yesterday, January 29th, was not a deadline under Section 231 ... to impose sanctions; it was actually a start date. ... It was the day on or after which we could start imposing sanctions if we make the determination here at the State Department of activity that falls under the provision. So with that in mind, I wanted to go back a little bit and give you a summary of how we've been implementing this provision since the bill was signed into law on August 2nd, and then where we're going from here, and then, of course, open it up for questions.

As you know, the President signed the bill into law August 2nd. He then delegated this provision 231 to the State Department on September 29th. On October 27th, we issued guidance regarding implementation of 231 of how we were going to go about implementing this provision. And as part of that guidance, we issued a list of persons that we saw or determined as being part of the defense and intelligence sectors of Russia. So the defense and intelligence sectors of Russia, in order to clarify it, in order to explain exactly the term and what we mean, we issued a list – which was not a sanctions list, but a list of persons that we see as comprising those two sectors of Russia.

We have spent, then, since even before our guidance was out but certainly since the delegation on September 29th and through to today, we have spent a considerable amount of time and energy on engaging with partners, with allies, with private industry, and in fact, globally with countries around the world, explaining what Section 231 meant ... and demarcating countries where we thought there could be potential sanctionable activity, explaining to them the consequences, and pushing them to stop potential deals that could run afoul of 231.

We have been doing this in the field with our posts overseas; we've been doing it here in Washington; it's been a global effort. We briefed this effort to Congress yesterday in a classified setting. Our discussions, our diplomatic engagements, are sensitive and we don't talk about them publicly, but we did brief Congress yesterday because it's important, of course, to keep them updated. I can say publicly, though, that the results of our engagement and our demarches globally, we have been able to turn off potential deals that equal several billion dollars. And that is real success, it's real money, and it's real revenue that is not going to the Kremlin and is not going to Russia as part of the intent of this law and the intent of this administration, to remind Russia and remind the Russian Government of the costs of its malign activity, specifically with regard to Ukraine.

So that's real success. As with all sanctions, and this provision included, you cannot only judge the success of sanctions based on public rollout, right. There is a ton of engagement that goes on and a deterrent effect behind the scenes that we lead with countries around the world, and cutting off and stopping potential deals is success even if you don't see the rollout of sanctions. That doesn't mean that if we ... make final determinations that there is sanctionable activity, we, of course, will roll out public sanctions. That's part of our implementation. But it's important not to only focus on public rollouts as we look at the successful use of this tool to further our foreign policy.

\* \* \* \*

[O]ur definition of the term "significant" is a multivariable definition, so it's not only related to dollar figure. It also can include things like significant adverse impact to ... U.S. national security. ...

...I assure you that the Russians know when a deal that they thought was moving forward is all of a sudden falling apart and not moving forward, they know which deals are being turned off. And that is having the intended consequence.

\* \* \* \*

... Certainly, when dealing with the broad array of malign activity that this law outlines and focuses on, we absolutely include Russia's disinformation campaigns undermining democratic processes and cyber activity. That is a focus, that has been a focus, and continues, will be a focus of our engagement with our allies and partners. ...

... I can tell you that part of our global effort is we have a term called an ALDAC, an All Diplomatic and Consular Affair Cable. We ... sent out as part of ... our engagement an ALDAC. So we have engaged everybody, literally, that we can on this. And then as we get information ... on potential deals ..., we then have more tailored demarches and outreach engagement where we either go out to the field, have those discussions in capitals around the world or here in Washington. So it's both global and it's also very focused and tailored when we have particular instances of concern that we want to focus on.

\* \* \* \*

[W]e use the sanctions tool in a flexible way both for deterrence, but we also obviously ... do sanction, right? ... [D]eterrence doesn't always work and you have to be ready, and we are ready to use the tool when we deem it appropriate.

So for example, just on Friday, of course, we issued a significant and large tranche of maintenance designations against a variety of Russian targets, separatists in eastern Ukraine, et cetera. We certainly do issue sanctions. We don't only rely on them to be a deterrent. So it's a variety of things.

The deterrence, also remember, is not just leading to a lack of business, but it actually turns into ... a real loss of money. It can – it has a very tangible impact when deals don't go through. For example, in this situation in 231, in this instance, where money actually doesn't flow into the Kremlin, so that's powerful as are actual sanctions when we choose to use them as well.

\* \* \* \*

[S]tarting when we were delegated this authority on September 29th, we developed a comprehensive approach on how we were going to implement this provision, ... that includes, of course, how we would deploy it, how we would sanction targets, and under what criteria. ... So we have a strong framework through which we're implementing this provision. That's what we've used as we have gone out across the world and engaged countries that may be involved or thinking about being involved in activity that could be sanctionable. So that's a fairly comprehensive and very robust approach that we have.

How we deter ... Russia, we have a variety of tools, right? We're only today talking about Section 231. We have a variety of sanctions tools that CAATSA has given us. We also have close cooperation with our European allies ... where we discuss a variety of ways that we can counter the Russian threat that's a common threat to us all. It's not only about sanctions and it's certainly not only about 231, but it's one tool of many that we have in the toolbox.

\* \* \* \*

On August 21, 2018, Dr. Christopher Ashley Ford, Assistant Secretary of State for International Security and Nonproliferation, testified before the Senate Committee on Banking, Housing and Urban Affairs on implementing CAATSA Section 231. His testimony is excerpted below and available at <https://www.state.gov/remarks-and-releases-bureau-of-international-security-and-nonproliferation/implementing-caatsa-section-231-diplomacy/>.

---

\* \* \* \*

...Russia has undertaken a campaign of malign activities in its attempt to compete with the United States and our Allies and partners. The array of sanctions the United States has imposed against Russia, and those that materially support its malign activities, respond directly to its aggressive action against our country, our Allies, and our partners.

And this is where CAATSA's Section 231 comes into play. The threat of mandatory sanctions against individuals or entities that have engaged in significant transactions with the Russian defense or intelligence sectors can be so useful, but we need to use this powerful tool surgically—to excise the malignancy without damaging our very important foreign relationships. As we have been implementing Section 231, we began by emphasizing to our allies that transactions with the Russian arms industry could have consequences.

Firstly, these are the same arms that Russia used and continues to use in its aggression against Ukraine. Our implementation of the CAATSA sanctions reinforces this Administration's unwavering commitment to Ukraine's sovereignty and territorial integrity, including over Crimea.

Secondly ...[h]igh-technology military equipment is one of the only competitive sectors of the Russian economy these days, and Moscow makes a great deal of money from selling arms abroad indiscriminately—be it to Iran or the Assad regime. These funds fuel the Kremlin's malign activities, spread its malign influence, and support Russia's development of newer, even more deadly weapons. Accordingly, if Russia is to feel pressure in response to its malign activities, it makes sense to go after these revenues—revenues that may also help offset the costs of developing newer, even more deadly weapons that threaten and undermine the security of the United States and our allies and partners.

More broadly, however, Russia also uses its arms transactions as a tool of geopolitical influence. For Russia, it isn't just about money, but about the relationships that the arms trade creates for Moscow. Scaling back and shutting down Russia's arms deals and deterring such transactions in the future strike directly at the Kremlin's malign activities and *influence* that it seeks to exert in the international community.

That is our central philosophy behind Section 231 implementation. The broadest challenge, of course, is how to manage a relationship with Russia that has both important cooperative aspects and important points of disagreement. As the President and Secretary Pompeo have made clear, we seek to cooperate with Russia on subjects of shared interest wherever we can, because of course there *are* important shared interests on which it would be irresponsible of us not to cooperate. ...

## *II. A Record of Successes to Date*

As we have dispatched our diplomats repeatedly around the world to spread word about Section 231 and encourage Russia's arms clients to wean themselves from Moscow, we have had some notable successes to date. Most of these successes are ones about which it is not possible or advisable to speak in public...

Nevertheless... we *have* had real successes—in the form of something on the order of billions of dollars in announced or expected Russian arms transactions that have quietly been abandoned as a result of our diplomatic outreach about Section 231. That's billions that Putin's war machine *will not* get, and through which the Kremlin's malign influence will not spread, and a slew of strategic relationships between the Kremlin and overseas partners that *will not* broaden and deepen. We're proud of this record, and we're working hard to run up the score further.

So effective has the threat of CAATSA sanctions been to date, moreover, that we have been able to do all this without imposing sanctions on a friend or partner state of our own. I urge you not to look at the scorecard as whether the United States has imposed sanctions. In this case, sanctions reflect our failure to turn off Russian arms deals. The time will come when we will have no choice but to impose sanctions, but we are keenly aware that Congress' purpose in

passing Section 231 was to pressure Russia and incentivize Russia to change its behavior, not to hurt U.S. friends and allies who might happen to purchase arms from Moscow.

### *III. Six Principles for Implementation*

Mr. Chairman, I will be happy to answer any questions you have about these matters – at least as best I can in an open forum. I am also very happy to participate in or send briefers for a closed session. Before I conclude, however, let me say a few more words about our approach to Section 231. In particular, I'd like to outline six principles that help guide our work:

1. First, as I said earlier, the target of Section 231 sanctions is *Russia*, not the countries that happen to purchase arms from Russia. Our interlocutors and partners need to know that although CAATSA may compel us to have challenging conversations with them, the underlying problem is *not* with them. Rather, our problem lies with Moscow and its own destabilizing role in the international community. I am sure that this is not always a great consolation, but it is vital that our interlocutors understand it all the same.
2. Second, we are not usually concerned with Russia's mere provision of spare parts or its maintenance of military equipment that another country already possesses. We know that many states still possess some Russian arms, and we are certainly not in the business of trying to insist that such countries give up on defending themselves. For CAATSA purposes, we are comfortable with the maintenance of equipment or the provision of spare parts not generally being considered a transaction that is considered significant under Section 231.

Our concerns begin where and when something more consequential occurs – something such as a major transfer of foreign funds to the Russian defense sector, for instance, or a new shipment of equipment representing a qualitative upgrade in capability, such as an S-400. In such cases, the issue of “significance” becomes more problematic, and the risk of mandatory sanctions thus increases. This is the message we have been relaying to interlocutors in our diplomatic outreach, and it is one of which we hope Congress will approve.

3. Third, we have also been sending the message that a transaction generally won't be considered significant unless and until a major change in the *status quo* actually *occurs*. Just *talking* about or *announcing* a Russian arms deal, in other words, is not generally in itself a trigger for Section 231 sanctions. The problem arises when new Russian equipment starts to show up or perhaps when large sums of money begin to change hands.

We don't expect Russia's arms clients to disavow or renounce their deals. In truth, Russia is not a very good or reliable arms partner on a good day, and even with global suppliers more reputable and reliable than Russia, consummation of a purchase of sophisticated equipment can take a long time and experience detours, obstacles, or reasons to fall apart. If in this new CAATSA environment, Russia's major arms clients never quite finalize their purchase, then the State Department will have nothing about which to have to assess “significance” under Section 231 in the first place.

4. And speaking of off-ramping, another piece of our diplomatic message has been that even with respect to new equipment, we are not necessarily asking countries immediately to go “cold turkey” on Russian arms. We understand that can be very difficult. As long as new deliveries of more advanced equipment don't occur, we have room for some flexibility vis-a-vis new purchases, provided that the overall trend line is demonstrably “down.” That is, that such countries are weaning themselves off of the arms transactions that help

fund Moscow's adventurism and that create geopolitical partnerships that the Kremlin can thereafter exploit for destabilizing ends.

5. With respect to the new CAATSA waiver language in the NDAA, we are glad to have greater flexibility on these issues. At Secretary Pompeo's hearing before the Senate Foreign Relations Committee on July 25, Chairman Corker and Senator Cardin emphasized to him that Congress views the new waiver language as narrow—in their words, Mr. Chairman, “to allow countries that we’re dealing with that we wish to buy American military equipment to be weaned off Russian equipment.” Secretary Pompeo, in turn, made clear his agreement—noting that the new waiver is a way to avoid driving countries with historical Russian entanglements *more* into Moscow's arms while permitting them “the capacity of spare parts” or to “round out th[e] process” of weaning themselves of their dependency on Russia. We will use this understanding to guide implementation of Section 231.
6. Finally, it's worth pointing out that Section 231 only applies to *Russian* arms transactions. To the extent that a country contemplating a purchase of advanced Russian equipment can pursue alternative sources of supply in meeting its defense needs, therefore, this is an excellent way to avoid sanctions liability. Purchases from European or other international suppliers of sophisticated weaponry, for instance, would raise no Section 231 concern. Nor, of course, would purchases from the United States—and we are always happy to try to facilitate discussions with relevant U.S. interlocutors about such possibilities.

\* \* \* \*

On October 5, 2018, the State Department announced sanctions pursuant to Section 231(a) of CAATSA and Executive Order 13849 of September 20, 2018, and additions to its CAATSA Section 231(d) guidance. 83 Fed. Reg. 50,433 (Oct. 5, 2018). The Department determined that the Chinese entity Equipment Development Department of the Central Military Commission (“EDD”), formerly known as the General Armaments Department (“GAD”), had knowingly, on or after August 2, 2017, engaged in a significant transaction with a person that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation. Sanctions imposed upon EDD, effective September 20, 2018, are as follows:

- United States Government departments and agencies shall not issue any specific license or grant any other specific permission or authority under any statute that requires the prior review or approval of the United States Government as a condition for the export or re-export of goods or technology to EDD;
- A prohibition on any transactions in foreign exchange that are subject to the jurisdiction of the United States and in which EDD has any interest;
- A prohibition on any transfers of credit or payments between financial institutions, or by, through, or to any financial institution, to the extent that such transfers or payments are subject to the jurisdiction of the United States and involve any interest of EDD;

- All property and interests in property of EDD that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in; and

Sanctions imposed upon Li Shangfu, EDD's Director, are:

- A prohibition on any transactions in foreign exchange that are subject to the jurisdiction of the United States and in which Li Shangfu has any interest;
- A prohibition on any transfers of credit or payments between financial institutions, or by, through, or to any financial institution, to the extent that such transfers or payments are subject to the jurisdiction of the United States and involve any interest of Li Shangfu;
- All property and interests in property of Li Shangfu that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in; and
- The Secretary of State shall deny a visa to Li Shangfu, and the Secretary of Homeland Security shall exclude Li Shangfu from the United States, by treating Li Shangfu as a person covered by section 1 of Proclamation 8693 of July 24, 2011 (Suspension of Entry of Aliens Subject to United Nations Security Council Travel Bans and International Emergency Economic Powers Act Sanctions).

OFAC also implemented sanctions under CAATSA and E.O. 13849 on both EDD and Li Shangfu. 83 Fed. Reg. 52,051 (Oct. 15, 2018).

In the same Federal Register notice, the Department identified additional persons in the defense and intelligence sectors of the Russian government, in accordance with CAATSA Section 231(d):

- Komsomolsk-na-Amur Aviation Production Organization (KNAAPO)
- Oboronlogistika, OOO
- PMC Wagner
- Gizunov, Sergey Aleksandrovich
- Internet Research Agency LLC
- Kaverzina, Irina Viktorovna
- Korobov, Igor Valentinovich
- Kovalev, Anatoliy Sergeyevich
- Kozachek, Nikolay Yuryevich
- Krylova, Aleksandra Yuryevna
- Lukashev, Aleksey Viktorovich
- Malyshev, Artem Andreyevich
- Morgachev, Sergey Aleksandrovich
- Netyksho, Viktor Borisovich



- Osadchuk, Aleksandr Vladimirovich
- Podkopaev, Vadim Vladimirovich
- Polozov, Sergey Pavlovich
- Potemkin, Aleksey Aleksandrovich
- Prigozhin, Yevgeniy Viktorovich
- Vasilchenko, Gleb Igorevich
- Venkov, Vladimir
- Yermakov, Ivan Sergeyevich
- Yershov, Pavel Vyacheslavovich

On September 20, 2018, the Department issued a fact sheet and provided a special briefing by senior officials regarding the measures taking effect on that day pursuant to Section 231 of CAATSA. The fact sheet, available at <https://www.state.gov/caatsa-section-231-addition-of-33-entities-and-individuals-to-the-list-of-specified-persons-and-imposition-of-sanctions-on-the-equipment-development-department/>, is excerpted below.

---

\* \* \* \*

Today, the President issued a new [Executive Order](#) “Authorizing the Implementation of Certain Sanctions Set Forth in the Countering Americas Adversaries Through Sanctions Act” to further the implementation of certain sanctions in the Countering America’s Adversaries Through Sanctions Act of 2017 (CAATSA) with respect to the Russian Federation. In addition, the Secretary of State is taking two actions today to implement his delegated authorities pursuant to section 231 of CAATSA and to further impose costs on the Russian Government for its malign activities.

First, the Secretary of State added 33 additional persons to the CAATSA section 231 List of Specified Persons (LSP) for being a part of, or operating for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation. This action increases the number of persons identified on the LSP to 72. Any person who knowingly engages in a significant transaction with any of these persons is subject to mandatory sanctions under CAATSA section 231.

Second, in consultation with the Secretary of the Treasury, the Secretary of State imposed sanctions on the Chinese entity Equipment Development Department (EDD) and its director, Li Shangfu, for engaging in significant transactions with persons on the LSP. These transactions involved Russia’s transfer to China of Su-35 combat aircraft and S-400 surface-to-air missile system-related equipment.

Section 231 of CAATSA and today’s actions are not intended to undermine the military capabilities or combat readiness of any country, but rather to impose costs on Russia in response to its interference in the United States election process, its unacceptable behavior in eastern Ukraine, and other malign activities. Today’s actions further demonstrate the Department of State’s continuing commitment to fully implement CAATSA section 231, which has already deterred billions of dollars-worth of potential arms exports from Russia. State encourages all

persons to avoid engaging in transactions with entities on the LSP that may risk sanctions, including high-value, major transactions for sophisticated weapons systems.

\* \* \* \*

...[T]he Secretary of State, in consultation with the Secretary of the Treasury, determined that EDD, formerly known as the General Armaments Department (GAD), knowingly engaged in significant transactions with a person that is a part of, or operates for or on behalf of, the defense sector of the Government of the Russian Federation. China took delivery from Russia of ten Su-35 combat aircraft in December 2017 and an initial batch of S-400 (a.k.a. SA-21) surface-to-air missile system-related equipment in 2018. Both transactions resulted from pre-August 2, 2017, deals negotiated between EDD and Rosoboronexport (ROE), Russia's main arms export entity.

CAATSA section 231 requires that at least five of the twelve sanctions described in CAATSA section 235 be imposed on a person that President Donald J. Trump determines has knowingly engaged in a significant transaction with a person that is a part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation. This authority was delegated to the Secretary of State, in consultation with the Secretary of the Treasury, on September 29, 2017. ROE is included on the LSP as a person that is part of, or operates for or on behalf of, the defense sector of the Government of the Russian Federation. In addition to being identified on the LSP, ROE was designated by Treasury on April 6, 2018, pursuant to Executive Order 13582, for support to the Government of Syria. ROE has provided billions of dollars in weapons sales over the past decade to the Syrian regime.

\* \* \* \*

The Office of Foreign Assets Control has added EDD and Li Shangfu to its Specially Designated Nationals and Blocked Persons List. As a result of this action, all property and interests in property of this entity and individual within United States jurisdiction are blocked, and United States persons are generally prohibited from transacting with them.

\* \* \* \*

Also on September 20, 2018, the State Department issued a press statement regarding the measures imposed on that date pursuant to Section 231 of CAATSA. The press statement is available at <https://www.state.gov/sanctions-under-section-231-of-the-countering-americas-adversaries-through-sanctions-act-of-2017-caatsa/> and includes the following:

These Department of State sanctions actions are the result of United States' implementation of Title II of CAATSA, which Congress passed in response to Russia's aggression in Ukraine, annexation of Crimea, cyber intrusions and attacks, interference in the 2016 elections, and other malign activities. We will continue to vigorously implement CAATSA and urge all countries to curtail relationships with Russia's defense and intelligence sectors, both of which are linked to malign activities worldwide.

The special briefing by senior State Department officials previewing the Section 231 measures is available at <https://www.state.gov/previewing-sanctions-under-section-231-of-the-counteracting-americas-adversaries-through-sanctions-act-of-2017-caatsa/> and excerpted below.

---

\* \* \* \*

[T]he Russia portions of [CAATSA] were passed by Congress in response to a range of Russian malign activities that include meddling in the U.S. elections. Part of the statute includes provisions that mandate the imposition of sanctions upon anyone engaging in what is called a “significant transaction” with any entity that appears on a list of persons associated with the Russian defense or intelligence sectors.

...[T]oday the President signed a new executive order authorizing the State Department to implement certain sanctions that are set forth in the CAATSA statute. ...

The second thing that happened today is the Secretary of State took two actions. First of all, he added 33 additional persons to that list that I mentioned before. It’s the so-called “List of Specified Persons” that are acting on behalf of the Russian defense or intelligence sectors. So that so-called LSP, that list, it got longer today by 33 names.

In addition to that, however, the Secretary, in consultation with the Secretary of the Treasury—so Secretary Pompeo and Secretary Mnuchin—imposed sanctions on a Chinese entity, the Equipment Development Department, otherwise known as EDD, and also upon its director, Li Shangfu. EDD and Mr. Li are being added to the Treasury’s Specially Designated Nationals and Blocked Persons List, which is a complicated way of referring to what we usually just informally call the SDN list. This list has now been updated on the Treasury website.

We want to stress that the legislative standard here is a significant transaction with an entity that appears on the List of Specified Persons. We took these actions because China took delivery of 10 Sukhoi fighter aircraft, specifically Su-25s, in December of 2017 ..., after the CAATSA statute came into force. And it also took delivery of a batch of S-400—sometimes known as SA-21—surface-to-air missile systems or related equipment in January of this year. Both these transactions, which I repeat occurred after the CAATSA sanctions statute came into force, were deals that were negotiated between the Equipment Development Department, or EDD, on the one hand, and Rosoboronexport, which is Russia’s main arms export entity. And it, Rosoboronexport, is on the List of Specified Persons.

I want to emphasize that the ultimate target of these sanctions is Russia. CAATSA sanctions in this context are not intended to undermine the defense capabilities of any particular country. They are instead aimed at imposing costs upon Russia in response to its malign activities. And of course, those malign activities are many that it’s undertaken in its attempt to compete with the U.S. and our allies and our partners. The array of sanctions the United States has imposed against Russia and those who ... materially support its malign activities are undertaken in direct response to Russia’s aggressive actions against our country, our allies, and our partners.

This is also the first time that we have ever sanctioned anyone under Section 231 of CAATSA, which focuses upon, as I’ve been explaining, those who engage in significant transactions with entities that appear on the LSP. We have not done this before; we are doing this

now. We want to stress that our enforcement of Section 231 is an ongoing process. We've been engaging with our partners and our allies for quite some time on this, because the ultimate goal of this legislation is to prevent revenue from flowing to the Russian Government. Russia uses its arms sales not only to raise revenue, ... but to build relationships which, of course, it then attempts to exploit in furtherance of its interests and almost invariably in ways that goes against ours.

So we've been using ... the possibility of CAATSA legislation to deter arms transfers for many months now. We've ... had some good results in probably preventing the occurrence of several billion dollars' worth of transfers simply by having the availability of this sanctions tool in our pocket. But since China has now gone ahead and, in fact, done what is clearly a significant transaction by acquiring these Sukhois and S-400 missiles, ... we are required by the law ...to take this step today.

So I want to stress again: This is the first time we've ever sanctioned anyone under Section 231 of CAATSA, so ... this is a significant step. ...

\* \* \* \*

Some of you who perhaps will look these names up when you check them out on the website will find that a number of these names [added to the LSP] correspond to people who have been indicted in connection with Russian election meddling.

\* \* \* \*

...If I might just also quickly ..., the List of Specified Persons is not itself a sanctions imposition. Nothing specifically happens to someone by virtue of being on that list. The implications of it, however, are that if anyone else engages in what is deemed to be a significant transaction with such a person, the person who engages in that action may well be subject to mandatory sanctions pursuant to Section 231.

So partly this ..., we hope, will be something of a signal to avoid engagement with those folks for that very reason. We work very closely with people around the world to minimize their exposure to sanctions for engaging in significant Russian arms transfers. And with this new build-out of the list to cover the Russian intelligence sector to some extent as well, we are sending a signal that dealings with these people may well subject one to sanctions, and therefore we hope that people, if they come across that opportunity, will think twice.

\* \* \* \*

Under the law, once a determination of a significant transaction is made, we're required to impose at least five from a menu of—I think it's actually twelve options that are set forth in the statute. One could impose five, six, eleven, twelve, what have you, depending upon the circumstances, and that is itself a complicated question, as part of our decision-making process.

In this case, the sanctions that are being imposed upon EDD .... We are denying U.S. export licenses to EDD. We are ... imposing a prohibition upon foreign exchange transactions under U.S. jurisdiction; also imposing a prohibition on transactions with the U.S. financial system. We are blocking all property or interests in property within ... within U.S. jurisdiction.

And we are imposing sanctions on an EDD principal executive officer. That's the fellow, Mr. Li Shangfu, who we mentioned before. And these sanctions include a prohibition on foreign exchange transactions under U.S. jurisdiction, a prohibition on transactions with the U.S. financial system, and blocking of all property or interests Mr. Li's—in property within the U.S. jurisdiction, as well as a visa ban.

\* \* \* \*

The EO specifically is allowing us to implement the ...actions that the State Department has taken today under CAATSA. First, it delegates the listed sanctions menu ..., the menu of 12 in section 235 of CAATSA, and also the separate menu in the Ukraine Freedom Support Act of 2014—it delegates those sanctions to be implemented.

It also authorizes the Secretary of the Treasury to employ all powers granted under IEEPA. Some of those powers that this executive order now allows us to take will be to do things like promulgate regulations, issue administrative subpoenas, issue licenses, and take the full range of civil enforcement actions that we can. So what the executive order does today is it amplifies and makes implementable the good authority that Congress has given us in the Countering America's Adversaries Through Sanctions Act, or CAATSA.

\* \* \* \*

The CAATSA was not intended to take down the economy of third party countries. It's intended to impose appropriate pressures on Russia in response to Russian malign acts, and we have it on very good authority from the office of the statute itself that they expect that we will implement it in ways that are appropriate in light of consultations with all of the parties involved. So we think this time was necessary in order to do the homework that we needed to do to make sure that this action was measured and appropriate, as well as being stern and responsive to a real challenge presented by facts on the ground.

As to other potential recipients of the S-400, we haven't made any determinations yet with respect to what to do about those, but you can be confident that we have spent an enormous amount of time talking about prospective purchases of things such as S-400s and Sukhois with people all around the world who may have been interested in such things and some who may still be. We have made it very clear to them that these – that systems like the S-400 are a system of key concern with potential CAATSA implications. Members of Congress have also publicly said that they believe any transfer of an S-400 to anybody would constitute a significant transaction, and of course that's something we have to bear in mind in these as well. So while decisions on other cases have yet to be made, and indeed other transactions have yet to occur, we hope that at least this step will send a signal of our seriousness and perhaps encourage others to think twice about their own engagement with the Russian defense and intelligence sectors, which would of course be precisely what we hope Congress intended, and what we are required to do pursuant to the fact.

\* \* \* \*

The executive order issued on September 20, 2018, and referenced above, is E.O. 13849, "Authorizing the Implementation of Certain Sanctions Set Forth in the Countering America's Adversaries Through Sanctions Act." 83 Fed. Reg. 48,195 (Sep. 20,

2018). The order refers to the national emergencies declared in E.O. 13660, E.O. 13694, and E.O. 13757. Section 1 of the order authorizes Treasury to take further actions (enumerating six measures) to implement sanctions imposed pursuant to sections 224(a)(2), 231(a), 232(a), or 233(a) of CAATSA. Section 2 directs Treasury to take additional actions where necessary to implement sanctions imposed pursuant to sections 224(a)(2), 231(a), 232(a), or 233(a) of CAATSA (enumerating measures such as denying Export-Import Bank guarantees or credit and prohibiting licenses or permission for exports to the sanctioned person). Section 3 authorizes the Treasury to take enumerated actions where necessary to implement sanctions imposed pursuant to section 224(a)(3) of CAATSA or sections 4(a) or 4(b) of Ukraine Freedom Support Act (“UFSA”). And Section 4 directs Treasury to take additional actions where necessary to implement sanctions imposed pursuant to section 224(a)(3) of CAATSA or sections 4(a) or 4(b) of UFSA (enumerating measures).

## **7. Nonproliferation**

### ***a. Country-specific sanctions***

See each country listed above for sanctions related to proliferation activities.

### ***b. Iran, North Korea, and Syria Nonproliferation Act (“INKSNA”)***

On April 30, 2018 the U.S. Government applied the measures authorized in Section 3 of the Iran, North Korea, and Syria Nonproliferation Act (Pub. L. 109–353) (“INKSNA”) against several foreign individuals and entities (and their successors, sub-units, or subsidiaries) identified in the report submitted pursuant to Section 2(a) of the Act. 83 Fed. Reg. 21,812 (May 10, 2018). INKSNA applies to foreign entities and individuals for the transfer to or acquisition from Iran since January 1, 1999; the transfer to or acquisition from Syria since January 1, 2005; or the transfer to or acquisition from North Korea since January 1, 2006, of goods, services, or technology controlled under multilateral control lists (Missile Technology Control Regime, Australia Group, Chemical Weapons Convention, Nuclear Suppliers Group, Wassenaar Arrangement) or otherwise having the potential to make a material contribution to the development of weapons of mass destruction (WMD) or cruise or ballistic missile systems. *Id.*

The list of those sanctioned on April 30, 2018 follows: Abascience Tech Co., Ltd. (China); Emily Liu (Chinese individual); Karl Lee [aka Li Fangwei] (Chinese individual); Raybeam Optronics Co., Ltd (China); Shanghai Rotech Pharmaceutical Engineering Company (China); Sinotech (Dalian) Carbon and Graphite Corporation (SCGC) (China); Sunway Tech Co., Ltd (China); T-Rubber Co. Ltd (China); Sakr Factory for Developmental Industries (Egypt); Mojtaba Ghasemi (Iranian individual); Islamic Revolutionary Guard Corps Qods Force (IRGC QF) (Iran); Pars Aviation Service Company (PASC) (Iran); Defense Industries Organization (DIO) (Iran); Saeng Pil Trading Corporation (SPTC) (North Korea); Second Economic Committee (SEC) Korea Ryonbong General Corporation (North Korea); 183rd Guard Air Defense Missile Regiment (Russia); Instrument Design Bureau (KBP)

Tula (Russia); Gatchina Surface-to-Air Missile Training Center (Russia); Russian General Staff Main Intelligence Directorate (GRU) (Russia); 18th Central Scientific Research Institute (18th TsNII) Scientific Research Center (NITs) (Kursk) (Russia); Russian Research and Production Concern (BARL); Scientific Studies and Research Center (SSRC) (Syria); Lebanese Hizballah (Syria); Megatrade (Syria); Syrian Air Force (Syria); Seden Denizcilik Hizmetleri Sanayi ve Ticaret Limited (Turkey); and Yona Star International (United Arab Emirates). *Id.*

The measures imposed on these persons are a U.S. Government procurement ban; a ban on U.S. Government assistance; a ban on U.S. Government sales of defense and munitions items; and a prohibition on export licenses. *Id.* The measures remain in force for two years. *Id.*

Also on April 30, 2018, the State Department applied INSKNA sanctions to Rosoboronexport (ROE) (Russia) and any successor, sub-unit, or subsidiary thereof. 83 Fed. Reg. 21,333 (May 9, 2018).

## **8. Terrorism**

### ***a. UN and other coordinated multilateral action***

In large part, the United States implements its counterterrorism obligations under UN Security Council resolutions concerning ISIL, al-Qaida and Afghanistan sanctions, as well as its obligations under UN Security Council resolutions concerning counterterrorism, through Executive Order 13224 of September 24, 2001. Among the resolutions with which the United States has addressed domestic compliance through E.O. 13224 designations are Resolutions 1267 (1999), 1373 (2001), 1988 (2011), 1989 (2011), 2253 (2015), and 2255 (2015). Executive Order 13224 imposes financial sanctions on persons who have been designated in the annex to the order; persons designated by the Secretary of State for having committed or for posing a significant risk of committing acts of terrorism; and persons designated by the Secretary of the Treasury for acting for or on behalf of, or providing material support for, or being otherwise associated with, persons designated under the order. See 66 Fed. Reg. 49,079 (Sept. 25, 2001); see also *Digest 2001* at 881–93 and *Digest 2007* at 155–58.

### ***b. U.S. targeted financial sanctions***

#### ***(1) Department of State***

##### ***(a) State Department designations***

In 2018, the Department of State announced the Secretary of State's designation of numerous entities and individuals (including their known aliases) pursuant to E.O. 13224. For an up-to-date list of State Department designations under E.O. 13224 by date, see <https://www.state.gov/executive-order-13224/#state>.

On January 9, 2018, the Department of State published the designations of Abukar Ali Adan, and Wanas al-Faqih, as Specially Designated Global Terrorists (“SDGTs”) under E.O. 13224. 83 Fed. Reg. 1092 (Jan. 9, 2018). The Department also published the designation of Muhammad al-Ghazali, on January 9, 2018. 83 Fed. Reg. 1093 (Jan. 9, 2018). The Department issued a media note on these three designations on January 4, 2018, available at <https://www.state.gov/state-department-terrorist-designations-of-muhammad-al-ghazali-abukar-ali-adan-and-wanas-al-faqih/>. The media note provides the following information on Muhammad al-Ghazali, Abukar Ali Adan, and Wanas al-Faqih

... these three individuals are associated with al-Qa’ida affiliates al-Qa’ida in the Arabian Peninsula (AQAP), al-Shabaab, and al-Qa’ida in the Islamic Maghreb (AQIM), all of which have been designated by the United States as Foreign Terrorist Organizations pursuant to section 219 of the Immigration and Nationality Act and as SDGT entities under E.O. 13224. Al-Ghazali is a senior member of AQAP who is involved in internal security and training of the group’s operatives. Abukar Ali Adan is deputy leader of al-Shabaab. Wanas al-Faqih is an AQIM associate who planned the March 18, 2015 Bardo Museum attack in Tunis, Tunisia that killed at least 20 people.

On January 24, 2018, the Department of State published the designation under E.O. 13224 of Khalid Batarfi. 83 Fed. Reg. 3387 (Jan. 24, 2018). The media note on the designation, dated January 23, 2018, and available at <https://www.state.gov/state-department-terrorist-designation-of-khalid-batarfi/>, provides the following background:

Khalid Batarfi is a senior member in AQAP, a designated Foreign Terrorist Organization (FTO) and SDGT. Batarfi was the top commander for AQAP in Abyan Governate, Yemen, and was a former member of AQAP’s shura council. In April 2015, Batarfi was released from the Central Prison of al-Mukalla in Yemen when AQAP militants attacked the prison.

Also on January 24, 2018, the designations of Abdelatif Gaini and Siddhartha Dhar as SDGTs appeared in the Federal Register. 83 Fed. Reg. 3388 & 3389 (Jan. 24, 2018). The State Department issued a media note regarding the designations of Dhar and Gaini on January 23, 2018, which is available at <https://www.state.gov/state-department-terrorist-designations-of-siddhartha-dhar-and-abdelatif-gaini/>, and includes the following:

Siddhartha Dhar was a leading member of now-defunct terrorist organization Al-Muhajiroun. In late 2014, Dhar left the United Kingdom to travel to Syria to join ISIS. He is considered to have replaced ISIS executioner Mohammad Emwazi, also known as “Jihadi John.” Dhar is believed to be the masked leader who appeared in a January 2016 ISIS video of the execution of several prisoners ISIS accused of spying for the UK.



Abdelatif Gaini is a Belgian-Moroccan citizen believed to be fighting for ISIS in the Middle East. Gaini is connected to UK-based ISIS sympathizers Mohamad Ali Ahmed and Humza Ali, who were convicted in the UK in 2016 of terrorism offenses.

On February 6, 2018, the State Department published the designation of Harakat al-Sabireen under E.O. 13224. 83 Fed. Reg. 5290 (Feb. 6, 2018). The designations of the individual Ismail Haniyeh and the entities known as Liwa al-Thawra and HASM appeared on the same day. 83 Fed. Reg. 5289 (Feb. 6, 2018). The State Department had announced the designations of Ismail Haniyeh, Harakat al-Sabireen, Liwa al-Thawra, and Harakat Sawa'd Misr ("HASM") in a January 31, 2018 media note, available at <https://www.state.gov/state-department-terrorist-designations-of-ismail-haniyeh-harakat-al-sabireen-liwa-al-thawra-and-harakat-sawad-misr-hasm/>. The media note includes the following:

Ismail Haniyeh is the leader and President of the Political Bureau of Hamas, which was designated in 1997 as a Foreign Terrorist Organization and in 2001 as an SDGT. Haniyeh has close links with Hamas' military wing and has been a proponent of armed struggle, including against civilians. He has reportedly been involved in terrorist attacks against Israeli citizens. Hamas has been responsible for an estimated 17 American lives killed in terrorist attacks.

Harakat al-Sabireen is an Iranian backed terrorist group that was established in 2014. The group operates primarily in Gaza and the West Bank and is led by Hisham Salem, a former leader of the Palestine Islamic Jihad (PIJ), a State Department designated FTO and SDGT. Harakat al-Sabireen has carried out terrorist activities targeting Israel, pursues an anti-American agenda, and has attracted members and supporters of PIJ. These planned and executed terrorist attacks include firing rockets into Israel in September 2015 and detonating an explosive device targeting an Israeli army patrol in December 2015. Harakat al-Sabireen also previously established a rocket factory in Gaza that was destroyed in the summer of 2014, and the group had plans to carry out attacks against Israel in February 2016. Palestinian Authority security forces arrested five Harakat al-Sabireen operatives who were working under Iranian orders and received funding in Gaza to carry out their attacks.

Liwa al-Thawra is a terrorist group active in the Qalyubia and Monofeya governorates of Egypt. After announcing its formation in August 2016, the group claimed responsibility for the October 2016 assassination of brigadier general Adel Ragai, commander of the Egyptian army's Ninth Armored Division, outside his home in Cairo. In 2017, the group claimed responsibility for a bombing outside a police training center in the Egyptian city of Tanta.

HASM is a terrorist group also active in Egypt. Formed in 2015, the group claimed responsibility for the assassination of Egyptian National Security Agency officer Ibrahim Azzazy, as well as the attempted assassination of Egypt's former Grand Mufti Ali Gomaa. HASM also claimed responsibility for a September 30,

2017 attack on Myanmar's embassy in Cairo. Some of the leaders of the violent splinter groups, Liwa al-Thawra and Hasm, were previously associated with the Egyptian Muslim Brotherhood.

Ansarul Islam's designation under E.O. 13224 as an SDGT was published on February 26, 2018. 83 Fed. Reg. 8314 (Feb. 26, 2018). The designations of Abu Musab al-On and Mahad Moalim were published on February 28, 2018. 83 Fed. Reg. 8728, 8729 (Feb. 28, 2018). Also on February 28, 2018, the State Department published the designations of ISIS-Egypt, ISIS-Philippines, ISIS-West Africa, ISIS-Somalia, ISIS-Bangladesh. 83 Fed. Reg. 8727, 8728, 8729, 8730 (Feb. 28, 2018). And the designation of Maute Group, also known as IS-Ranao, also known as Islamic State of Lanao, also appeared on February 28, 2018, as did the designation of the individual, Abu Musab al-Barnawi. 83 Fed. Reg. 8728 (Feb. 28, 2018).

On February 27, 2018, the State Department published a fact sheet summarizing the E.O. 13224 designations of ISIS branches and affiliates. The fact sheet, available at <https://www.state.gov/state-department-terrorist-designations-of-isis-affiliates-and-senior-leaders/>, lists 40 ISIS leaders and operatives designated to date, including the 2018 designations of al-Barnawi of ISIS-West Africa and Mahad Moalim of ISIS-Somalia. The fact sheet also lists ISIS affiliates designated under E.O. 13224, including the 2018 designations of ISIS-Bangladesh, ISIS-Philippines, ISIS-West Africa, ISIS-Somalia, Jund al-Khilafah-Tunisia, and ISIS-Egypt.

On March 1, 2018, the State Department's designation under E.O. 13224 of Jund al-Khilafah in Tunisia, also known as ISIS-Tunisia, appeared in the Federal Register. 83 Fed. Reg. 8918 (Mar. 1, 2018). The designation of Ahmad Iman Ali as an SDGT appeared in the Federal Register on March 12, 2018. 83 Fed. Reg. 10,762 (Mar. 12, 2018). Also on March 12, 2018, the Department published the designation of Abdifatah Abubakar Abdi as an SDGT. 83 Fed. Reg. 10,762 (Mar. 12, 2018). A March 8, 2018 State Department media note, available at <https://www.state.gov/state-department-terrorist-designations-of-ahmad-iman-ali-and-abdifatah-abubakar-abdi/>, includes the following information about Ahmad Iman Ali and Abdifatah Abubakar Abdi:

Ahmad Iman Ali is a prominent al-Shabaab commander who has served as the group's leader in Kenya since 2012. He is director of the group's Kenyan operations, which has targeted Kenyan African Union Mission in Somalia (AMISOM) troops in Somalia, such as the January 2016, attack in El Adde, Somalia. Ali is also responsible for al-Shabaab propaganda targeting the Kenyan government and civilians, such as a July 2017, video in which he issues threats to Muslims serving in Kenya's security forces. Ali has also served as an al-Shabaab recruiter, focusing on poor youth in Nairobi slums, and has fundraised at mosques to support al-Shabaab activities.

In 2015, Abdifatah Abubakar Abdi was placed on the Kenyan government's wanted list of terrorists known or suspected to be members of al-Shabaab. Abdi is wanted in connection with the June 2014, attack in Mpeketoni, Kenya that claimed more than 50 lives.

The March 23, 2018 Federal Register includes the designation of Joe Asperman under E.O. 13382. The State Department issued a media note on March 22, 2018 regarding the designation of Asperman, which is available at <https://www.state.gov/state-department-terrorist-designation-of-joe-asperman/>, and includes the following: “French national Joe Asperman is a senior chemical weapons expert for ISIS. Asperman oversaw chemical operations production within Syria for ISIS and the deployment of these chemical weapons at the battlefield.” The designation of Katibat al-Imam al-Bukhari as an SDGT appeared on March 28, 2018. 83 Fed. Reg. 13,337 (Mar. 28, 2018). On March 22, 2018, the State Department issued a media note, available at <https://www.state.gov/state-department-terrorist-designation-of-katibat-al-imam-al-bukhari/>, providing background on al-Bukhari:

Katibat al-Imam al-Bukhari is the largest Uzbek fighting force in Syria. The group has played a significant role in the fighting in northwestern Syria, fighting alongside groups including al-Nusrah Front—al-Qa’ida’s affiliate in Syria and a State Department designated Foreign Terrorist Organization (FTO) and SDGT group. In April 2017, KIB published a video showing armed men taking part in clashes, and in December 2015, posted a video of a training camp for children, where children are taught to handle and fire weapons.

On May 23, 2018, the State Department published the designation of ISIS in the Greater Sahara. 83 Fed. Reg. 23,987 (May 23, 2018). Also on May 23, 2018, the Department published the designation under E.O. 13224 of Adnan Abu Walid al-Sahrawi. 83 Fed. Reg. 23,988 (May 23, 2018). A May 16, 2018 State Department media note, available at <https://www.state.gov/state-department-terrorist-designations-of-isis-in-the-greater-sahara-isis-gs-and-adnan-abu-walid-al-sahrawi/>, provides background on the designations of al-Sahrawi and ISIS in the Greater Sahara:

ISIS-GS emerged when Adnan Abu Walid al-Sahrawi and his followers split from Al-Mourabitoun, an al-Qa’ida splinter group and U.S.-designated FTO and SDGT. Al-Sahrawi first pledged allegiance to ISIS in May 2015, and in October 2016, ISIS acknowledged it received a pledge of allegiance from the group under al-Sahrawi. ISIS-GS is primarily based in Mali operating along the Mali-Niger border and has claimed responsibility for several attacks under al-Sahrawi’s leadership, including the October 4, 2017 attack on a joint U.S.-Nigerien patrol in the region of Tongo Tongo, Niger, which killed four U.S. soldiers and five Nigerien soldiers.

On July 11, 2018, the Department published the designation of al-Ashtar Brigades (“AAB”), as an SDGT. 83 Fed. Reg. 32,179 (July 11, 2018). On August 6, 2018, the Department published the designation of Abdul Rehman al-Dakhil. 83 Fed. Reg. 38,450 (Aug. 6, 2018). In a July 31, 2018 media note, available at <https://www.state.gov/state-department-terrorist-designation-of-abdul-rehman-al-dakhil/>, the Department provided the following information on this designation:

Abdul Rehman al-Dakhil is a longtime member of the U.S. designated Foreign Terrorist Organization (FTO) and SDGT Lashkar e-Tayyiba (LeT) and was an operational leader for LeT's attacks in India between 1997 and 2001. In 2004, Dakhil was captured in Iraq by UK forces, then held in U.S. custody in Iraq and Afghanistan until his transfer to Pakistan in 2014. After his release from Pakistani custody, Dakhil returned to work for LeT. In 2016, Dakhil was the LeT divisional commander for the Jammu region in the state of Jammu and Kashmir. As of early 2018, Dakhil remained a senior commander in LeT.

The Department published the designation of Qassim Abdullah Ali Ahmed, as an SDGT on August 17, 2018. 83 Fed. Reg. 41,139 (Aug. 17, 2018). The State Department provided background information on Ahmed (aka Qassim al-Muamen) in an August 13, 2018 media note, available at <https://www.state.gov/state-department-terrorist-designation-of-qassim-abdullah-ali-ahmed-aka-qassim-al-muamen/>:

Al-Muamen is an Iran-based leader of al-Ashtar Brigades (AAB), a U.S.-designated Foreign Terrorist Organization (FTO) and SDGT that seeks to overthrow the Bahraini government. Al-Muamen has recruited terrorists in Bahrain, facilitated training on weapons and explosives for AAB members, and supplied AAB members with funding, weapons, and explosives to carry out attacks. In November 2017, Bahraini authorities identified al-Muamen as being involved in an AAB plot to assassinate prominent figures in Bahrain and target three oil pipelines.

On September 6, 2018, the designation of Jama'at Nusrat al-Islam wal-Muslimin ("JNIM") appeared in the Federal Register. 83 Fed. Reg. 45,298 (Sep. 6, 2018). On September 5, 2018, the State Department issued a media note regarding the designation of JNIM, which is available at <https://www.state.gov/state-department-terrorist-designation-of-jamaat-nusrat-al-islam-wal-muslimin-jnim/>, includes the following:

JNIM has described itself as al-Qaida's official branch in Mali, and it has claimed responsibility for numerous attacks and kidnappings since it was formed in March 2017. JNIM carried out the June 2017 attack at a resort frequented by Westerners outside of Bamako, Mali; several deadly attacks on Malian troops; and the large-scale coordinated attacks in Ouagadougou, Burkina Faso, on March 2, 2018. JNIM is led by Iyad ag Ghaly, a U.S.-designated SDGT.

On November 14, 2018, the State Department published the designation of the Al-Mujahidin Brigades as an SDGT. 83 Fed. Reg. 56,894 (Nov. 14, 2018). Jawad Nasrallah was designated at the same time. *Id.* On November 13, 2018, the State Department issued a media note, available at <https://www.state.gov/state-department-terrorist-designations-of-jawad-nasrallah-al-mujahidin-brigades-and-hizballah/>, providing

information on the designations of Jawad Nasrallah and al-Mujahidin Brigades:

Jawad Nasrallah is the son of Hizballah's leader and SDGT Hassan Nasrallah, as well as a rising leader of Hizballah. Jawad Nasrallah has previously recruited individuals to carry out terrorist attacks against Israel in the West Bank. In January 2016, he tried to activate a suicide bombing and shooting cell based in the West Bank, but the Israeli government arrested the five Palestinians he recruited to the cell.

AMB is a military organization that has operated in the Palestinian Territories since 2005 and whose members have plotted a number of attacks against Israeli targets. AMB has ties to Hizballah, and Hizballah has provided funding and military training to AMB members.

On November 27, 2018, the designation under E.O. 13224 of Hajji 'Abd al-Nasir appeared in the Federal Register. 83 Fed. Reg. 60,937 (Nov. 27, 2018). A November 20, 2018 State Department media note, available at <https://www.state.gov/state-department-terrorist-designation-of-hajji-abd-al-nasir/>, provides background on al-Nasir:

Hajji 'Abd al-Nasir has held several leadership positions in the Islamic State of Iraq and Syria (ISIS), a U.S.-designated Foreign Terrorist Organization (FTO) and SDGT. Within the past five years, al-Nasir has served as an ISIS Military Amir in Syria as well as chair of the ISIS Delegated Committee, the council that reports to ISIS leader Abu Bakr al-Baghdadi and exercises administrative control of the terrorist organization's affairs. The Delegated Committee is responsible for planning and issuing orders related to ISIS's military operations, tax collections, religious police, and commercial and security operations.

Secretary Pompeo also addressed the press on November 20, 2018 regarding recent terrorism designations. His remarks are available at <https://www.state.gov/remarks-to-the-press-14/> and include the following:

[T]he United States today sanctioned an international network that the Iranian regime and Russia are using to provide millions of barrels of oil to the Assad regime. This is in exchange for the movement of hundreds of millions of dollars to the IRGC Quds Force. That money is then passed on to terrorist organizations like Hizballah and Hamas. The United States in its continued efforts will not allow these dirty dealings to flourish. Iran will not be allowed to exploit the international financial system, to hide revenue streams it uses to fund terrorist activity, support sectarian militias, abusing civilian populations, or to destabilize the region.

An additional media note on November 20, 2018 also announced the sanctions on the Iranian-Russian-Syrian network and is available at <https://www.state.gov/sanctions-announcement-on-iran/>.

(b) *State Department amendments*

Several designations by the State Department under E.O. 13224 were amended in 2018. The designation of Lashkar-e-Tayyiba was amended to add additional aliases, such as Tehreek-e-Azadi-e-Kashmir, Kashmir Freedom Movement, TAJK, and MML. 83 Fed. Reg. 14,538 (Apr. 4, 2018). The Department amended the designation of Al-Nusrah Front as an SDGT to include additional aliases such as Hay'at Tahrir al-Sham. 83 Fed. Reg. 25,496 (June 1, 2018). The designation of al-Shabaab was amended in July to add the aliases al-Hijra, Al Hijra, Muslim Youth Center, MYC, Pumwani Muslim Youth, Pumwani Islamist Muslim Youth Center. 83 Fed. Reg. 34,907 (July 23, 2018). The amendment to the designation of al-Shabaab was announced in a July 19, 2018 media note, available at <https://www.state.gov/amendments-to-the-terrorist-designations-of-al-shabaab/>, which provides the following additional information on al-Hijra:

Al-Hijra, formed in 2008 in Nairobi, Kenya serves as a wing of al-Shabaab. Al-Hijra, which is extensively interconnected with al-Shabaab both organizationally and operationally, consists primarily of Kenyan and Somali followers of al-Shabaab in East Africa. It has openly engaged in al-Shabaab recruiting in Kenya and facilitated travel of al-Shabaab members to Somalia for terrorism purposes.

(2) *OFAC*

OFAC designated numerous individuals (including their known aliases) and entities pursuant to Executive Order 13224 during 2018. The designated individuals and entities typically are owned or controlled by, act for or on behalf of, or provide support for or services to, individuals or entities the United States has designated as terrorist organizations pursuant to the order.

OFAC designated nine individuals and seven entities in the first quarter of 2018. See 83 Fed. Reg. 5512 (Feb. 7, 2018) (six individuals—Nabil Mahmoud ASSAF; Muhammad BADR—AL—DIN; Jihad Muhammad QANSU; Ali Muhammad QANSU; Issam Ahmad SAAD; and Abdul Latif SAAD—and seven entities—BLUE LAGOON GROUP LTD; DOLPHIN TRADING COMPANY LIMITED; GOLDEN FISH LIBERIA LTD; GOLDEN FISH S.A.L. (OFFSHORE); KANSO FISHING AGENCY LIMITED; SKY TRADE COMPANY; and STAR TRADE GHANA LIMITED); 83 Fed. Reg. 6310 (Feb. 13, 2018) (three individuals—Rahman Zeb Faqir MUHAMMAD; Hizb Ullah Astam KHAN; and Dilawar Khan Nadir KHAN).

OFAC designated 37 individuals and 21 entities in the second quarter of 2018. See 83 Fed. Reg. 14,317 (Apr. 3, 2018) (three individuals—Mohamed Mire Ali YUSUF; Yunus Emre SAKARYA; and Abdulpatta Escalon ABUBAKAR—and three entities—AL-MUTAFAQ COMMERCIAL COMPANY; LIIBAAN TRADING; and PROFESYONELLER ELEKTRONIK); 83 Fed. Reg. 14,954 (Apr. 6, 2018) (seven individuals—Fayyaz AHMAD;

Muhammad Harris DAR; Muhammad EHSAN; Muzammil Iqbal HASHIMI; Saifullah KHALID; Faisal NADEEM; and Tabish QAYYUUM); 83 Fed. Reg. 19,856 (May 4, 2018) (one individual, Myrna Ajijul MABANZA; 83 Fed. Reg. 22,578 (May 15, 2018) (six individuals—Meghdad AMINI; Mohammad Hasan KHODA'I; Sa'id NAJAFPUR; Mas'ud NIKBAKHT; Foad SALEHI; and Mohammadreza Khedmati VALADZAGHARD—and three entities—JAHAN ARAS KISH; JOINT PARTNERSHIP OF MOHAMMADREZA KHEDMATI AND ASSOCIATES; and RASHED EXCHANGE); 83 Fed. Reg. 23,337 (May 18, 2018) (four individuals—Aras Habib KAREEM; Muhammad QASIR; Valiollah SEIF; and Ali TARZALI—and one entity, AL-BILAD ISLAMIC BANK FOR INVESTMENT AND FINANCE P.S.C.); 83 Fed. Reg. 23,764 (May 22, 2018) (five individuals—Husayn AL-KHALIL; Ibrahim Amin AL-SAYYID; Naim QASIM; Muhammad YAZBAK; and Hasan NASRALLAH); 83 Fed. Reg. 23,765 (May 22, 2018) (two individuals—Jeffrey John James ASHFIELD and John Edward MEADOWS—and four entities—AVIATION CAPITAL SOLUTIONS LTD.; AIRCRAFT, AVIONICS, PARTS & SUPPORT LTD.; GRANDEUR GENERAL TRADING FZE; and HSI TRADING FZE)<sup>\*\*</sup>; 83 Fed. Reg. 23,997 (May 23, 2018) (two individuals—Abdallah SAFI-AL-DIN; and Mohammad Ibrahim BAZZI—and five entities—AFRICA MIDDLE EAST INVESTMENT HOLDING SAL; CAR ESCORT SERVICES S.A.L. OFF SHORE; EURO AFRICAN GROUP LTD; GLOBAL TRADING GROUP NV; and PREMIER INVESTMENT GROUP SAL); 83 Fed. Reg. 24,391 (May 25, 2018) (four individuals—Mehdi AZARPISHEH; Mohammad Agha JA'FARI; Mahmud Bagheri KAZEMABAD; and Javad Bordbar SHIR AMIN; 83 Fed. Reg. 27,828 (June 14, 2018) (three individuals—Gulnihal YEGANE (linked to MAHAN AIR); Iraj RONAGHI (linked to MERAJ AIR); and Touraj ZANGANEH (linked to MERAJ AIR) and six entities—BLUE AIRWAYS (linked to MAHAN AIR); OTIK AVIATION (linked to: MAHAN AIR); TRIGRON LOJISTIK KARGO LIMITED SIRKETI (linked to MAHAN AIR and Gulnihal YEGANE); 3G LOJISTIK VE HAVACILIK HIZMETLERI LTD. (linked to MAHAN AIR); RA HAVACILIK LOJISTIK VE TASIMACILIK TICARET LIMITED SIRKETI (linked to MAHAN AIR); DENA AIRWAYS (linked to MERAJ AIR; Iraj RONAGHI; and Touraj ZANGANEH)—plus their associated aircraft);

OFAC designated one entity and three individuals in the third quarter of 2018. See 83 Fed. Reg. 34,301 (July 19, 2018) (MAHAN TRAVEL AND TOURISM SDN BHD); 83 Fed. Reg. 38,764 (Aug. 7, 2018) (two individuals—Abdul JABBAR and Hameed ul HASSAN); 83 Fed. Reg. 46,255 (Sep. 12, 2018) (one individual, Waleed Ahmed ZEIN);

OFAC designated sixteen individuals and 32 entities in the fourth quarter of 2018. See 83 Fed. Reg. 55,451 (Nov. 5, 2018) (one entity, AFAQ DUBAI); 83,359 (Oct. 22, 2018) (two entities linked to Mahan Air—MY AVIATION COMPANY LIMITED, and updated information for MAHAN TRAVEL AND TOURISM SDN BHD); 83 Fed. Reg. 53,360 (Oct. 22, 2018) (three individuals linked to ISIL—Mohammed Karim Yusop FAIZ; Mohammad Reza Lahaman KIRAM; and Mohamad Rafi UDIN); 83 Fed. Reg. 54,175 (Oct. 26, 2018) (eight individuals—Abdullah Samad FAROQUI; Abdul Rahim MANAN; Mohammad Daoud MUZZAMIL; Sadr IBRAHIM; Hafiz Abdul MAJID; Abdul AZIZ;

<sup>\*\*</sup> Editor's note: In the same May 22, 2018 Federal Register notice, OFAC published designations made in 2016 of the following individuals: Abu Bakr Muhammad Muhammad GHUMAYN; Faisal Jassim Mohammed al-Amri AL-KHALIDI; and Yisra Muhammad Ibrahim BAYUMI. 83 Fed. Reg. 23,997 (May 23, 2018).



Mohammad Ebrahim OWHADI; and Esma'il RAZAVI); 83 Fed. Reg. 57,529 (Nov. 15, 2018) (22 entities—TADBIRGARAN ATIYEH IRANIAN INVESTMENT COMPANY; TAKTAR INVESTMENT COMPANY; CALCIMIN; QESHM ZINC SMELTING AND REDUCTION COMPANY; BANDAR ABBAS ZINC PRODUCTION COMPANY; ZANJAN ACID PRODUCTION COMPANY; NEGIN SAHEL ROYAL INVESTMENT COMPANY; IRAN ZINC MINES DEVELOPMENT COMPANY; TECHNOTAR ENGINEERING COMPANY; IRAN TRACTOR MANUFACTURING COMPANY; PARSIAN CATALYST CHEMICAL COMPANY; ANDISHEH MEHVARAN INVESTMENT COMPANY; BAHMAN GROUP; ESFAHAN'S MOBARAKEH STEEL COMPANY; MEHR-E EQTESAD-E IRANIAN INVESTMENT COMPANY; BASIJ RESISTANCE FORCE; BONYAD TAAVON BASIJ; BANK MELLAT; MEHR EQTESAD BANK; MEHR EQTESAD FINANCIAL GROUP; SINA BANK; and PARSIAN BANK);\*\*\* 83 Fed. Reg. 57,531 (Nov. 15, 2018) (one individual—Muhammad 'Abdallah AL-AMIN—and seven entities—IMPULSE INTERNATIONAL S.A.L. OFFSHORE; IMPULSE S.A.R.L.; LAMA FOODS INTERNATIONAL OFFSHORE S.A.L.; LAMA FOODS S.A.R.L.; M. MARINE S.A.L. OFFSHORE; SIERRA GAS S.A.L. OFFSHORE; and THAINGUI S.A.L. OFFSHORE); 83 Fed. Reg. 57,802 (four individuals—Shibl Muhsin 'Ubayd AL-ZAYDI; Yusuf HASHIM; Muhammad 'Abd-Al- Hadi FARHAT; and Adnan Hussein KAWTHARANI).

**c. Annual certification regarding cooperation in U.S. antiterrorism efforts**

See Chapter 3 for discussion of the Secretary of State's 2017 determination regarding countries not cooperating fully with U.S. antiterrorism efforts.

**9. Cyber Activity and Election Interference**

**a. Malicious Cyber-Enabled Activities**

For background on E.O. 13694 of April 1, 2015, "Blocking the Property of Certain Persons Engaging in Significant Malicious Cyber-Enabled Activities," see *Digest 2015* at 677-78. Several persons from multiple countries were sanctioned in 2018 pursuant to E.O. 13694.

On March 15, 2018, OFAC designated the following individuals under E.O. 13694 (all linked to Internet Research Agency LLC): Dzheykhun Nasimi Ogly ASLANOV; Anna Vladislavovna BOGACHEVA; Maria Anatolyevna BOVDA; Robert Sergeyevich BOVDA; Mikhail Leonidovich BURCHIK; Mikhail Ivanovich BYSTROV; Irina Viktorovna KAVERZINA; Aleksandra Yuryevna KRYLOVA; Vadim Vladimirovich PODKOPAEV; Sergey Pavlovich POLOZOV; Yevgeniy Viktorovich PRIGOZHIN; Gleb Igorevich VASILCHENKO; and Vladimir VENKOV. 83 Fed. Reg. 12,239 (Mar. 20, 2018). At the same time, OFAC designated the following entities under E.O. 13694: INTERNET RESEARCH AGENCY LLC (for tampering with, altering, or causing a misappropriation of information with the purpose or effect

---

\*\*\* Editor's note: The Treasury department provided additional background on these designations of a network of businesses providing financial support to the Basij Resistance Force (Basij), a paramilitary force subordinate to Iran's Islamic Revolutionary Guard Corps (IRGC), at <https://home.treasury.gov/news/press-releases/sm524>.



of interfering with or undermining election processes or institutions); CONCORD CATERING (linked to INTERNET RESEARCH AGENCY LLC); and LIMITED LIABILITY COMPANY CONCORD MANAGEMENT AND CONSULTING (linked to INTERNET RESEARCH AGENCY LLC). *Id.*

On March 23, 2018, OFAC designated the following individuals pursuant to E.O. 13694: Behzad MESRI; Ehsan MOHAMMADI; Abuzar GOHARI MOQADAM; Abdollah KARIMA; Gholamreza RAFATNEJAD; Roozbeh SABAH; Mohammed Reza SABAH; Mostafa SADEGHI; Seyed Ali MIRKARIMI; and Sajjad TAHMASEBI. 83 Fed. Reg. 13,344 (Mar. 28, 2018). At the same time, the following entity was designated pursuant to E.O. 13694: MABNA INSTITUTE.

On June 14, 2018, OFAC published designations of three individuals pursuant to E.O. 13694: Oleg Sergeyevich CHIRIKOV; Vladimir Yakovlevich KAGANSKIY; and Aleksandr Lvovich TRIBUN. 83 Fed. Reg. 27,831 (June 14, 2018). At the same time, OFAC published designations of five entities pursuant to E.O. 13694: DIGITAL SECURITY; EMBED; ERPSCAN; KVANT SCIENTIFIC RESEARCH INSTITUTE (also designated pursuant to section 224(a)(1)(B) of CAATSA); and DIVETECHNOSERVICES. *Id.*

On August 21, 2018, OFAC published designations of two individuals under E.O. 13694: Anton Aleksandrovich NAGIBIN and Marina Igorevna TSAREVA. 83 Fed. Reg. 42,978 (Aug. 24, 2018). OFAC designated two entities under E.O. 13694 at the same time: LACNO S.R.O. and VELA–MARINE LTD. *Id.*

On December 4, 2018, OFAC published the designations of Mohammad GHORBANIYAN and Ali KHORASHADIZADEH pursuant to E.O. 13694 (for involvement in the SamSam ransomware attacks). 83 Fed. Reg. 62,672 (Dec. 4, 2018).

On December 19, 2018, OFAC determined that the property and interests in property subject to U.S. jurisdiction of several persons would be blocked under various authorities, including E.O. 13694. 83 Fed. Reg. 66,840 (Dec. 27, 2018). Two individuals—Elena Alekseevna KHUSYAYNOVA and Alexander Aleksandrovich MALKEVICH—were designated under E.O. 13694, along with four entities—ECONOMY TODAY LLC; FEDERAL NEWS AGENCY LLC; NEVSKIY NEWS LLC; and USA REALLY. *Id.*

On December 20, 2018, Secretary Pompeo and Secretary of Homeland Security Kirstjen Nielsen issued a media note regarding Chinese actors who have compromised global managed service providers. The media note is available at <https://www.state.gov/joint-statement-by-secretary-of-state-michael-r-pompeo-and-secretary-of-homeland-security-kirstjen-nielsen-chinese-actors-compromise-global-managed-service-providers/> and excerpted below.

---

\* \* \* \*

Since at least 2014, Chinese cyber actors associated with the Chinese Ministry of State Security have hacked multiple U.S. and global managed service and cloud providers. These Chinese actors used this access to compromise the networks of the providers' clients, including global companies located in at least 12 countries.

The United States is concerned that this activity violates the 2015 U.S.-China cyber commitments made by President Xi Jinping to refrain from conducting or knowingly supporting “cyber-enabled theft of intellectual property, including trade secrets or other confidential business information, with the intent of providing competitive advantages to companies or commercial sectors.” China has also made this commitment with G20 and APEC members as well as in other bilateral statements.

Stability in cyberspace cannot be achieved if countries engage in irresponsible behavior that undermines the national security and economic prosperity of other countries. These actions by Chinese actors to target intellectual property and sensitive business information present a very real threat to the economic competitiveness of companies in the United States and around the globe. We will continue to hold malicious actors accountable for their behavior, and today the United States is taking several actions to demonstrate our resolve. We strongly urge China to abide by its commitment to act responsibly in cyberspace and reiterate that the United States will take appropriate measures to defend our interests.

\* \* \* \*

**b. *Election Interference***

On September 12, 2018, the President issued E.O. 13848, “Imposing Certain Sanctions in the Event of Foreign Interference in a United States Election.” 83 Fed. Reg. 46,843 (Sep. 14, 2018). Among other things, the order requires an assessment of and a report about any election interference and mandates and authorizes certain sanctions in light of the assessment and report.

On September 14, 2018, Secretary Pompeo discussed E.O. 13848 with the media. His remarks are excerpted below and available at <https://www.state.gov/remarks-to-the-media-2/>.

---

\* \* \* \*

...[O]n Wednesday, President Trump signed an executive order that made clear that our administration will not tolerate foreign interference in our democratic processes. Elections are the foundation of our democracy, and preserving their integrity is a matter of protecting sovereignty and American national security.

Foreign malicious actors have used information technology and social media to open new fronts in their efforts to undermine our democracy and our core institutions. These actors want to turn Americans against one another and convince us that our institutions, our ideals, are defective. But we are resolved to defeat these efforts and make clear that those who interfere with our liberties will pay a price.

In the last few years, Russia has been particularly aggressive in using its cyber capabilities, disinformation, and other covert means to attempt to sow instability in America. As this executive order makes clear, if Russia or any other foreign government or persons acting on their behalf interfere in the United States election, there will be swift and severe consequences.

The order provides for mandatory sanctions against foreign persons determined to have participated in interference in our elections. It also provides for additional measures that could be capable of devastating or interfering in our country's economy. And if the government of that country authorized, directed, or sponsored, or supported election interference, we're going to come after them.

The State Department will continue to work closely with other agencies to identify ...and expose foreign interference directed against American elections, no matter which entity initiated it. We'll also continue to work with our partners around the world to stand against these threats to democracy wherever—and however—they rear their head.

\* \* \* \*

## **10. Global Magnitsky Act and Measures Aimed at Corruption and Human Rights Violations**

### ***a. Global Magnitsky Act and E.O. 13818***

On December 23, 2016, the Global Magnitsky Human Rights Accountability Act (Pub. L. 114–328, Subtitle F) (the “Global Magnitsky Act” or “Act”) was enacted, authorizing the President to impose financial sanctions and visa restrictions on foreign persons in response to certain human rights violations and acts of corruption. The administration is required by the Act to submit a report on implementation of the Act and efforts to encourage other governments to enact similar sanctions. On December 20, 2017, the President issued E.O. 13818, “Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption.” 82 Fed. Reg. 60,839 (Dec. 26, 2017). E.O. 13818 implements and builds upon the Global Magnitsky Act. See *Digest 2017* at 669-71 for background on E.O. 13818.

The report detailing implementation of the Global Magnitsky Act in 2017 was published in the Federal Register on February 2, 2018. 83 Fed. Reg. 4950 (Feb. 2, 2018). Excerpts follow from the report.

---

\* \* \* \*

### **Financial Sanctions**

Over the last year, various departments and agencies of the United States Government have actively collected information from multiple sources—including the Intelligence Community, U.S. missions around the world, non-governmental organizations, and Congress—to support sanctions designations under the executive order.

In the executive order, the President issued sanctions and visa restrictions on several persons around the world for human rights abuse or corruption. Simultaneously, the Department of the Treasury issued a number of designations targeting individuals and entities engaged in human rights abuse or corruption or supporting those sanctioned by the President. The Annex and designations issued this year pursuant to the executive order are detailed below:

*Yahya Jammeh:* Yahya Jammeh (Jammeh), the former President of The Gambia who came to power in 1994 and stepped down in 2017, has a long history of engaging in serious human rights abuses and corruption. Jammeh created a terror and assassination squad called the Junglers that answered directly to him. Jammeh used the Junglers to threaten, terrorize, interrogate, and kill individuals whom Jammeh assessed to be threats. During Jammeh's tenure, he ordered the Junglers to kill a local religious leader, journalists, members of the political opposition, and former members of the government, among others. Jammeh used the Gambia's National Intelligence Agency (NIA) as a repressive tool of the regime—torturing political opponents and journalists. Throughout his presidency, Jammeh routinely ordered the abuse and murder of those he suspected of undermining his authority.

During his tenure, Jammeh used a number of corrupt schemes to plunder The Gambia's state coffers or otherwise siphon off state funds for his personal gain. Ongoing investigations continue to reveal Jammeh's large-scale theft from state coffers prior to his departure. According to The Gambia's Justice Ministry, Jammeh personally, or through others acting under his instructions, directed the unlawful withdrawal of at least \$50 million of state funds. The Gambian Government has since taken action to freeze Jammeh's assets within The Gambia.

Related to Jammeh's designation, the Department of the Treasury also designated *Africada Airways, Kanilai Group International, Kanilai Worni Family Farms Ltd, Royal Africa Capital Holding Ltd, Africada Financial Service & Bureau de Change Ltd, Africada Micro-Finance Ltd, Africada Insurance Company, Kora Media Corporation Ltd, Atlantic Pelican Company Ltd, Palm Grove Africa Dev't Corp. Ltd, Patriot Insurance Brokers Co. Ltd, and Royal Africa Securities Brokerage Co Ltd.*

*Roberto Jose Rivas Reyes:* As President of Nicaragua's Supreme Electoral Council, drawing a reported government salary of \$60,000 per year, Roberto Jose Rivas Reyes (Rivas) has been accused in the press of amassing sizeable personal wealth, including multiple properties, private jets, luxury vehicles, and a yacht. Rivas has been described by a Nicaraguan Comptroller General as "above the law," with investigations into his corruption having been blocked by Nicaraguan government officials. He has also perpetrated electoral fraud undermining Nicaragua's electoral institutions.

*Dan Gertler:* Dan Gertler (Gertler) is an international businessman and billionaire who amassed his fortune through hundreds of millions of dollars' worth of opaque and corrupt mining and oil deals in the Democratic Republic of the Congo (DRC). Gertler has used his close friendship with DRC President Joseph Kabila to act as a middleman for mining asset sales in the DRC, requiring some multinational companies to go through Gertler to do business with the Congolese state. As a result, between 2010 and 2012 alone, the DRC reportedly lost over \$1.36 billion in revenues from the underpricing of mining assets that were sold to offshore companies linked to Gertler. The failure of the DRC to publish the full details of one of the sales prompted the International Monetary Fund to halt loans to the DRC totaling \$225 million. In 2013, Gertler sold to the DRC government for \$150 million the rights to an oil block that Gertler purchased from the government for just \$500,000, a loss of \$149.5 million in potential revenue. Gertler has acted for or on behalf of Kabila, helping Kabila organize offshore leasing companies.

Related to Gertler's designation, the Department of the Treasury designated *Pieter Albert Deboutte, Fleurette Properties Limited, Fleurette Holdings Netherlands B.V., Gertler Family Foundation, Oil of DR Congo SPRL, Jarvis Congo SARL, International Diamond Industries, D.G.D. Investments Ltd., D.G.I. Israel Ltd, Proglan Capital Ltd, Emaxon Finance International Inc., Africa Horizons Investment Limited, Caprikat Limited, Foxwhelp Limited, Caprikat and*

*Foxwhelp SARL, Lora Enterprises Limited, Zuppa Holdings Limited, Orama Properties Ltd, DGI Mining Ltd, and Rozaro Development Limited.*

*Slobodan Tescic:* Slobodan Tescic (Tescic) is among the biggest dealers of arms and munitions in the Balkans; he spent nearly a decade on the United Nations (UN) Travel Ban List for violating UN sanctions against arms exports to Liberia. In order to secure arms contracts with various countries, Tescic would directly or indirectly provide bribes and financial assistance to officials. Tescic also took potential clients on high-value vacations, paid for their children's education at western schools or universities, and used large bribes to secure contracts. Tescic owns or controls two Serbian companies, Partizan Tech and Technoglobal Systems DOO Beograd, and two Cyprus-based companies Grawit Limited and Charso Limited. Tescic negotiates the sale of weapons via Charso Limited and used Grawit Limited as a mechanism to fund politicians.

Related to Tescic's designation, the Department of the Treasury designated *Preduzece Za Trgovinu Na Veliko I Malo Partizan Tech DOO Beograd- Savski Venac* ("Partizan Tech"), *Charso Limited, Grawit Limited, and Technoglobal Systems DOO Beograd.*

*Maung Maung Soe:* In his former role as chief of the Burmese Army's Western command, Maung Maung Soe oversaw the military operation in Burma's Rakhine State responsible for widespread human rights abuse against Rohingya civilians in response to attacks by the Arakan Rohingya Salvation Army. The Secretary of State determined on November 22 that the situation in northern Rakhine state in Burma constituted ethnic cleansing. The United States Government examined credible evidence of Maung Maung Soe's activities, including allegations against Burmese security forces of extrajudicial killings, sexual violence, and arbitrary arrest as well as the widespread burning of villages. Security operations have led to hundreds of thousands of Rohingya refugees fleeing across Burma's border with Bangladesh. In August 2017, witnesses reportedly described mass killings and arson attacks by the Burmese Army and Burmese Border Guard Police, both then under Maung Maung Soe's command in northern Rakhine State. In August 2017, soldiers described as being from the Western Command allegedly entered a village and reportedly separated the inhabitants by gender. According to witnesses, soldiers opened fire on the men and older boys and committed multiple acts of rape. Many of the women and younger children were reportedly also shot. Other witnesses described soldiers setting huts on fire with villagers inside.

*Benjamin Bol Mel:* Benjamin Bol Mel (Bol Mel) is the President of ABMC Thai-South Sudan Construction Company Limited (ABMC), and has served as the Chairman of the South Sudan Chamber of Commerce, Industry, and Agriculture. Bol Mel has also served as South Sudanese President Salva Kiir's principal financial advisor, has been Kiir's private secretary, and was perceived within the government as being close to Kiir and the local business community. Several officials were linked to ABMC in spite of a constitutional prohibition on top government officials transacting commercial business or earning income from outside the government.

Bol Mel oversees ABMC, which has been awarded contracts worth tens of millions of dollars by the Government of South Sudan. ABMC allegedly received preferential treatment from high-level officials, and the Government of South Sudan did not hold a competitive process for selecting ABMC to do roadwork on several roads in Juba and throughout South Sudan. Although this roadwork had been completed only a few years before, the government budgeted tens of millions of dollars more for maintenance of the same roads.

Related to Bol Mel's designation, the Department of the Treasury designated *ABMC Thai-South Sudan Construction Company Limited and Home and Away LTD*.

*Mukhtar Hamid Shah:* Mukhtar Hamid Shah (Shah) is a Pakistani surgeon specializing in kidney transplants who Pakistani police believe to be involved in kidnapping, wrongful confinement, and the removal of and trafficking in human organs. As an owner of the Kidney Centre in Rawalpindi, Pakistan, Shah was involved in the kidnapping and detention of, and removal of kidneys from, Pakistani laborers. Shah was arrested by Pakistani authorities in connection with an October 2016 incident in which 24 individuals from Punjab were found to be held against their will. Impoverished and illiterate Pakistanis from the countryside were reportedly lured to Rawalpindi with the promise of a job, and imprisoned for weeks. Doctors from the Kidney Centre were allegedly planning to steal their kidneys in order to sell them for a large profit. Police state that one of the accused arrested in connection with the events estimated that more than 400 people were imprisoned in the apartment at various times.

*Gulnara Karimova:* Gulnara Karimova (Karimova), daughter of former Uzbekistan leader Islam Karimov, headed a powerful organized crime syndicate that leveraged state actors to expropriate businesses, monopolize markets, solicit bribes, and administer extortion rackets. In July 2017, the Uzbek Prosecutor General's Office charged Karimova with directly abetting the criminal activities of an organized crime group whose assets were worth over \$1.3 billion. Karimova was also charged with hiding foreign currency through various means, including the receipt of payoffs in the accounts of offshore companies controlled by an organized criminal group, the illegal sale of radio frequencies and land parcels, siphoning off state funds through fraudulent dividend payments and stock sales, the illegal removal of cash, the non-collection of currency earnings, and the import of goods at inflated prices. Karimova was also found guilty of embezzlement of state funds, theft, tax evasion, and concealment of documents. Karimova laundered the proceeds of corruption back to her own accounts through a complex network of subsidiary companies and segregated portfolio funds. Karimova's targeting of successful businesses to maximize her gains and enrich herself in some cases destroyed Uzbek competitors. Due in part to Karimova's corrupt activities in the telecom sector alone, Uzbeks paid some of the highest rates in the world for cellular service.

*Angel Rondon Rijo:* Angel Rondon Rijo (Rondon) is a politically connected businessman and lobbyist in the Dominican Republic who funneled money from Odebrecht, a Brazilian construction company, to Dominican officials, who in turn awarded Odebrecht projects to build highways, dams, and other projects. According to the U.S. Department of Justice, Odebrecht is a Brazil-based global construction conglomerate that has pled guilty to charges of conspiracy to violate the anti-bribery provisions of the Foreign Corrupt Practices Act, and agreed to a criminal fine of \$4.5 billion. In 2017, Rondon was arrested by Dominican authorities and charged with corruption for the bribes paid by Odebrecht.

*Artem Chayka:* Artem Chayka (Chayka) is the son of the Prosecutor General of the Russian Federation and has leveraged his father's position and ability to award his subordinates to unfairly win state-owned assets and contracts and put pressure on business competitors. In 2014, reconstruction of <sup>11</sup>SEP a highway began, and Chayka's competitor for supplying materials to the project suddenly fell under prosecutorial scrutiny. An anonymous complaint letter with a fake name initiated a government investigation against the competitor. Government inspectors did not produce any documents confirming the legality of the inspections, and did not inform subjects of the investigation of their rights. Traffic police were deployed along the route to the competitor, weight control stations were suddenly dispatched, and trees were dug up and left to block

entrances. The competitor was forced to shut down, leaving Chayka in a position to non-competitively work on the highway project. Also in 2014, Chayka bid on a state-owned stone and gravel company, and was awarded the contract. His competitor contested the results and filed a lawsuit. Prosecutors thereafter raided his home. After Chayka's competitor withdrew the lawsuit, prosecutors dropped all charges.

*Gao Yan:* Gao Yan (Gao) was the Beijing Public Security Bureau Chaoyang Branch director. During Gao's tenure, human rights activist Cao Shunli was detained at Beijing Municipal Public Security Bureau Chaoyang Branch where, in March 2014, Cao fell into a coma and died from organ failure, her body showing signs of emaciation and neglect. Cao had been arrested after attempting to board a flight to attend human rights training in Geneva, Switzerland. She was refused visitation by her lawyer, and was refused medical treatment while she suffered from tuberculosis.

*Sergey Kusiuk:* Sergey Kusiuk (Kusiuk) was commander of an elite Ukrainian police unit, the Berkut. Ukraine's Special Investigations Department investigating crimes against activists identified Kusiuk as a leader of an attack on peaceful protesters on November 30, 2013, while in charge of 290 Berkut officers, many of whom took part in the beating of activists. Kusiuk has been named by the Ukrainian General Prosecutor's Office as an individual who took part in the killings of activists on Kyiv's Independence Square in February 2014. Kusiuk ordered the destruction of documentation related to the events, and has fled Ukraine and is now in hiding in Moscow, Russia, where he was identified dispersing protesters as part of a Russian riot police unit in June 2017.

*Julio Antonio Juarez Ramirez:* Julio Antonio Juarez Ramirez (Juarez) is a Guatemalan Congressman accused of ordering an attack in which two journalists were killed and another injured. Guatemalan prosecutors and a UN-sponsored commission investigating corruption in Guatemala allege that Juarez hired hit men to kill Prensa Libre correspondent Danilo Efraim Zapan Lopez, whose reporting had hurt Juarez's plan to run for reelection. Fellow journalist Federico Benjamin Salazar of Radio Nuevo Mundo was also killed in the attack and is considered a collateral victim. Another journalist was wounded in the attack.

*Yankuba Badjie:* Yankuba Badjie (Badjie) was appointed as the Director General of The Gambia's NIA in December 2013 and is alleged to have presided over abuses throughout his tenure. During Badjie's tenure as Director General, abuses were prevalent and routine within the NIA, consisting of physical trauma and other mistreatment. In April 2016, Badjie oversaw the detention and murder of Solo Sandeng, a member of the political opposition. In February 2017, Badjie was charged along with eight subordinates with Sandeng's murder. Prior to becoming Director General, Badjie served as the NIA Deputy Director General for Operations. Prior to becoming a member of the NIA's senior leadership, Badjie led a paramilitary group known as the Junglers to the NIA's headquarters to beat a prisoner for approximately three hours, leaving the prisoner unconscious and with broken hands. The following day, Badjie and the Junglers returned to beat the prisoner again, leaving him on the verge of death.

### **Visa Restrictions**

Although no visa restrictions were imposed under the Act during the first year of its enactment, persons designated pursuant to the executive order may be subject to the visa restrictions articulated in Sec. 2. Sec. 2 contains restrictions pursuant to Presidential Proclamation 8693, which establishes a mechanism for imposing visa restrictions on Specially Designated Nationals and Blocked Persons (SDNs) designated under the executive order and certain other executive orders, as well as individuals designated otherwise for travel bans in UN

Security Council resolutions. In addition, the Department of State continues to take action, as appropriate, to implement authorities pursuant to which it can impose visa restrictions on those responsible for human rights violations and corruption, including Presidential Proclamations 7750 and 8697, and Section 7031(c) of the FY2017 Consolidated Appropriations Act.\* The Department of State continues to make visa ineligibility determinations pursuant to the Immigration and Nationality Act (INA), including Section 212(a)(3)(E) which makes individuals who have participated in acts of genocide or committed acts of torture, extrajudicial killings, and other human rights violations ineligible for visas.

### **Termination of Sanctions**

No sanctions imposed under the Act were terminated.

### **Efforts To Encourage Governments of Other Countries To Impose Sanctions Similar to Those Authorized by the Act**

The United States is committed to encouraging other countries to impose sanctions on a similar basis to those provided for by the Act. The Departments of State and Treasury have consulted closely with United Kingdom and Canadian government counterparts over the last year to encourage development and implementation of statutes similar to the Act by those governments. Both countries have enacted similar laws. The Departments of State and Treasury shared information with various foreign partners regarding sanctions and other actions that might be taken against persons pursuant to the Act, as implemented by the E.O., in parallel with other governments' relevant authorities.

\* \* \* \*

On June 12, 2018, OFAC designated Felix Ramon Bautista ROSARIO pursuant to E.O. 13818 for corruption, also designating his businesses—Constructora Hadom SA, Constructora Rofi SA, Inmobiliaria Rofi SA, Seymeh Ingenieria SRL, and Soluciones Electricas y Mecanicas Hadom S.R.L. 83 Fed. Reg. 29,615 (June 25, 2018). In the same notice, OFAC designated Hing Bun HIENG under E.O. 13818 for serious human rights abuse.

On June 15, 2018, OFAC designated the following under E.O. 13818: AFRICAN TRANS INTERNATIONAL HOLDINGS B.V.; ALMERINA PROPERTIES LIMITED; FLEURETTE AFRICA RESOURCES; FLEURETTE AFRICAN TRANSPORT B.V.; FLEURETTE ENERGY I B.V.; INTERLOG DRC; IRON MOUNTAIN ENTERPRISES LIMITED; KARIBU AFRICA SERVICES SA; KITOKO FOOD FARM; MOKU GOLDMINES AG; MOKU MINES D'OR SA; ORIENTAL IRON COMPANY SPRL; SANZETTA INVESTMENTS LIMITED; VENTORA DEVELOPMENT SASU. 83 Fed. Reg. 29,616 (June 25, 2018).

On June 29, 2018, OFAC published regulations implementing the Global Magnitsky Act and E.O. 13818. 83 Fed. Reg. 30,541 (June 29, 2018).

On July 5, 2018, the State Department announced designations under the Global Magnitsky Act of three Nicaraguans involved in serious human rights abuse or engaged in corruption: Francisco Javier Diaz Madriz (commander of Nicaragua's National Police); Fidel Antonio Moreno Briones (leader of Sandinista Youth and pro-government armed

---

\* Editor's note: The provision originally enacted in the FY2017 appropriations act has been continued in every subsequent appropriations act for the Department of State.



groups); and Jose Francisco Lopez Centeno (Vice President of ALBANISA, the President of Petronic, and the Treasurer of the ruling FSLN party). See State Department press statement, available at <https://www.state.gov/global-magnitsky-designations-for-nicaragua/>. The Department also held a briefing by senior administration officials regarding the Global Magnitsky designations. The transcript is excerpted below and available at <https://www.state.gov/senior-administration-officials-previewing-global-magnitsky-designations/>.

---

\* \* \* \*

[T]oday's actions are in connection with the horrific activities that we're seeing in Nicaragua. The United States is deeply concerned about the ongoing crisis in Nicaragua, and the violence perpetrated by security forces against demonstrators. The Nicaraguan Government's violent response has included beatings of journalists, attacks against local TV and radio stations, and assault on mothers mourning the death of their children.

And so at the Treasury Department, in coordination with our State Department colleagues, we are taking immediate action to address the serious abuses of human rights and corruption in Nicaragua under our Global Magnitsky authorities. Specifically, today Treasury's Office of Foreign Assets Control, or OFAC, is designating three individuals—two for their involvement in serious human rights abuse or being the leader of an organization involved in serious human rights abuses, and one for corruption. Specifically, we are designating Francisco Javier Diaz Madriz, who's the commissioner of Nicaragua's National Police, or NNP, and has been referred to as the de facto head director of day-to-day business of the NNP. Under Diaz's command, the NNP has engaged in serious human rights abuse against the people of Nicaragua, including extrajudicial killings.

As an example, in June, masked gunmen, accompanied by individuals identified by witnesses as Nicaraguan police, reportedly set fire to a family home in Managua, killing six, including two young children. When neighbors attempted to help, the police allegedly shot at them, preventing the would-be rescuers from reaching the family. The Nicaraguan police have also approached gang leaders in Nicaragua for support in attacking anti-government protesters and have been accused of indiscriminately firing on and killing peaceful protesters.

We are also designating Fidel Antonio Moreno Briones, who serves as the main link between municipal governments and the Sandinista National Liberation Front, or FSLN, and has also acted as a leader of the Sandinista Youth, their youth organization. The Sandinista Youth has been implicated in numerous serious human rights abuses related to the ongoing protests against the Nicaraguan Government, including the beating of protesters in April 2018, and alleged participation in that June attack that killed the family of six in Managua. Moreno has been personally implicated in ordering attacks on protesters as far back as 2013, when elderly and young people who were peacefully protesting reduced retirement pensions were violently dislodged from their encampment by members of the Sandinista Youth. Moreno has also been accused of stealing large sums of money from Managua municipal projects and using municipal funds to pay for FSLN's party activities.

Finally, but very importantly, we are designating Jose Francisco Lopez Centeno. He is the vice president of Albanisa, the company that imports and sells Venezuelan petroleum products. He's also the president of the Nicaraguan state-owned oil company, Petronic. Lopez

has used his position to benefit himself and his family, including using companies they own to win government contracts. As described in our press release, Lopez has had access to large amounts of funds collected by the government in the form of taxes and fines that he could exploit, including for the personal use of Nicaraguan leaders. When involved in infrastructure projects, Lopez would siphon funds by negotiating personal fees, has placed numerous individuals throughout the government who have helped him steal millions of dollars on an annual basis, and has used his position to his and his family's benefit by using companies they own to win government contracts.

With this action, the United States is targeting the horrendous human rights abuses and corruption perpetrated by the government of Nicaraguan President Daniel Ortega. President Ortega and his inner circle continue to curtail freedoms and enrich themselves while ignoring the Nicaraguan people's calls for the democratic reforms they demand, including free, fair, and transparent elections. This situation is simply unacceptable.

As a result of today's actions, all property and interest in property of those designated by OFAC within U.S. jurisdiction are blocked. Additionally, U.S. persons are generally prohibited from engaging in transactions with blocked persons, including entities 50 percent or more owned by them.

At the Treasury Department, we are continuing to monitor the situation in Nicaragua and we will work to isolate from the U.S. financial system those that engage in serious human rights abuses and corrupt activity. Today's actions in Nicaragua are part of our ongoing effort to curtail human rights abuse and corruption across the globe through the strategic use of our sanctions authorities.

\* \* \* \*

Very importantly, the Global Magnitsky program's purpose is to disrupt and deter human rights abuse and corruption, promote accountability, and protect and promote and enforce longstanding international norms. We as an interagency in the U.S. Government have taken an expansive view of the implementation of the Global Magnitsky Human Rights Accountability Act. We engage every diplomatic post and bureau here at the State Department. We work very closely with U.S. intelligence and law enforcement communities, very closely with the Department of the Treasury, and also with NGOs and with Congress. In addition, an important step for this program is to build an international group of partners who together can take action against the world's worst human rights abusers and corrupt ...actors. Our objective is to leverage this global tool to pursue tangible and significant consequences for the entire spectrum of those who commit human rights abuse and engage in public corruption.

\* \* \* \*

I also want to mention we continue to support the Catholic Church-led efforts to advance negotiations to resolve the crisis. As part of that support, we urge full implementation of the June 15th National Dialogue agreement on human rights as a critical component of these negotiations. Finally, we support calls for early, free, fair, and transparent elections. Nicaragua must find a peaceful and democratic way forward from this crisis.

\* \* \* \*

They were actually two separate actions. The first actions we did on June 7th are the visa restrictions on those Nicaraguan persons that were responsible for some of these human rights abuses and undermining the democracy in Nicaragua. And then this is a separate action that only reinforces the message that we are sending across the board as the U.S. Government.

\* \* \* \*

... [T]he use of our Global Magnitsky program, it's a very active program for us. We just issued a number of other designations in connection with the DRC, with the DR, and Cambodia about two or three weeks ago, in addition to the numerous other designations that we've had in this program since December, and generally, the hundreds of designations that we've had related to human rights abuses and/or corruption since the beginning of this administration.

\* \* \* \*

On August 1, 2018, OFAC designated Suleyman SOYLU (a leader or official of Turkey's Ministry of Interior, for serious human rights abuse) and Abdulhamit GUL (a leader or official of Turkey's Ministry of Justice, for serious human rights abuse) pursuant to E.O. 13818. 83 Fed. Reg. 38,763 (Aug. 7, 2018). On August 17, 2018, OFAC designated four individuals—KHIN HLAING, AUNG KYAW ZAW, THURA SAN LWIN, and KHIN MAUNG SOE—and two entities—33RD LIGHT INFANTRY DIVISION OF THE BURMESE ARMY and 99TH LIGHT INFANTRY DIVISION OF THE BURMESE ARMY—pursuant to E.O. 13818. 83 Fed. Reg. 45,751 (Sep. 10, 2018).

On September 5, 2018, OFAC designated Francisco DIAZ, Fidel MORENO, and Jose Francisco LOPEZ pursuant to E.O. 13818 and the Act. 83 Fed. Reg. 45,754 (Sep. 10, 2018).

On November 2, 2018, OFAC removed the designations under E.O. 13818 of Abdulhamit GUL and Suleyman SOYLU. 83 Fed. Reg. 55,928 (Nov. 8, 2018).

On November 15, 2018, OFAC designated seventeen individuals pursuant to E.O. 13818 for involvement in serious human rights abuse: Mansour Othman M. ABAHUSSAIN; Naif Hassan S. ALARIFI; Fahad Shabib A. ALBALAWI; Meshal Saad M. ALBOSTANI; Thaar Ghaleb T. ALHARBI; Abdulaziz Mohammed M. ALHAWSAWI; Mustafa Mohammed M. ALMADANI; Khalid Aedh G. ALOTAIBI; Badr Lafi M. ALOTAIBI; Mohammad AL-OTAIBI; Saif Saad Q. ALQAHTANI; Waleed Abdullah M. ALSEHRI; Turki Muserref M. ALSEHRI; Mohammed Saad H. ALZHRANI; Maher Abdulaziz M. MUTREB; Saud AL-QAHTANI; Salah Muhammed A. TUBAIGY. 83 Fed. Reg. 58,814 (Nov. 21, 2018). The State Department issued a press statement by Secretary Pompeo on November 15, 2018 regarding the Global Magnitsky sanctions on these individuals for their involvement in the killing of journalist Jamal Khashoggi. The press statement is available at <https://www.state.gov/secretary/remarks/2018/11/287376.htm> and includes the following:

Today, the United States imposed sanctions on seventeen Saudi Arabian individuals for serious human rights abuse resulting from their roles in the killing of Jamal Khashoggi at the Consulate of the Kingdom of Saudi Arabia in Istanbul, Turkey, on October 2. ... At the time of Khashoggi's killing, these individuals occupied positions in the Royal Court and several ministries and offices of the Government of Saudi Arabia.

Our action today is an important step in responding to Khashoggi's killing. The State Department will continue to seek all relevant facts, consult Congress, and work with other nations to hold accountable those involved in the killing of Jamal Khashoggi.

On December 28, 2018, the State Department published in the Federal Register the annual report required by the Global Magnitsky Act, covering implementation of the Act in 2018. 83 Fed. Reg. 67,460 (Dec. 28, 2018). Excerpts follow from the report.

---

\* \* \* \*

... As of December 10, 2018, the United States has designated 101 foreign persons (individuals and entities) under E.O. 13818. ...

\* \* \* \*

Actions taken in 2018 demonstrated the reach, flexibility, and broad scope of Global Magnitsky. The United States responded to an evolving crisis in Nicaragua, promoted accountability for serious human rights abuse constituting ethnic cleansing in Burma, addressed serious human rights abuse and corruption in the Democratic Republic of Congo, the Dominican Republic, Turkey, Cambodia, and Saudi Arabia, and clearly demonstrated the resolve of the Administration to leverage this important tool, when appropriate, to target individuals and entities engaging in specified conduct.

When considering financial sanctions under Global Magnitsky, the United States prioritizes actions that are expected to produce a tangible and significant impact on the sanctioned persons and their affiliates, so as to prompt changes in behavior or disrupt the activities of malign actors. Persons sanctioned pursuant to this authority appear on the Office of Foreign Assets Control's (OFAC) List of Specially Designated Nationals and Blocked Persons (SDN List). As a result of these actions, any property or interests in property of the sanctioned persons within or transiting U.S. jurisdiction is blocked. Additionally, U.S. persons are generally prohibited from engaging in transactions with blocked persons, including entities 50 percent or more owned by designated persons. The Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, imposed financial sanctions on the following persons pursuant to Global Magnitsky:

**Financial Sanctions Imposed**

*1. Felix Ramon Bautista Rosario: Bautista was designated on June 12, 2018, for engaging in corrupt acts, including in relation to reconstruction efforts in Haiti. Bautista is a Senator from the Dominican Republic who has engaged in significant acts of corruption in both the Dominican Republic and Haiti, and who has been publicly accused of money laundering and*

*embezzlement. Bautista has reportedly engaged in bribery in relation to his position as a Senator, and is alleged to have engaged in corruption in Haiti, where he used his connections to win public works contracts to help rebuild Haiti following several natural disasters, including one case where his company was paid over \$10 million for work it had not completed. In a related action, OFAC designated five entities in the Dominican Republic that are owned or controlled by Bautista: Constructora Hadom SA, Soluciones Electricas Y Mecanicas Hadom S.R.L., Szymeh Ingenieria SRL, Inmobiliaria Rofi SA, and Constructora Rofi SA.*

*2. Hing Bun Hieng: Bun Hieng was designated on June 12, 2018, for being the leader of an entity involved in serious human rights abuse. Bun Hieng is the commander of Cambodia's Prime Minister Bodyguard Unit (PMBU), a unit in the Royal Cambodian Armed Forces that has engaged in serious acts of human rights abuse against the people of Cambodia. The PMBU has been implicated in multiple attacks on unarmed Cambodians over the span of many years, including in 2013 at Wat Phnom and in 2015 in front of the National Assembly. In the 2015 incident, only three members of the PMBU were sent to jail after they confessed to participating in an attack on opposition lawmakers, and were promoted upon their release. Bun Hieng and the PMBU have been connected to incidents where military force was used to harass gatherings of protesters and the political opposition going back at least to 1997, including an incident where a U.S. citizen received shrapnel wounds.*

*3. Dan Gertler Affiliated Entities: Dan Gertler was named in the Annex to E.O. 13818 in December 2017, for his role as an international businessman and billionaire who amassed his fortune through hundreds of millions of dollars' worth of opaque and corrupt mining and oil deals in the Democratic Republic of the Congo (DRC). The entities designated on June 15, 2018, for being affiliated with Dan Gertler are as follows: Moku Mines D'or SA, Moku Goldmines AG, Fleurette Energy I B.V., Fleurette Africa Resources I B.V., African Trans International Holdings B.V., Fleurette African Transport B.V., Oriental Iron Company SPRL, Iron Mountain Enterprises Limited, Sanzetta Investments Limited, Almerina Properties Limited, Interlog DRC, Kitoko Food Farm, Karibu Africa Services SA, and Ventora Development Sasu.*

*4. Francisco Javier Diaz Madriz: Diaz was designated on July 5, 2018, for being responsible for, or the leader of entities involved in, serious human rights abuse in Nicaragua. Diaz is a Commissioner of Nicaragua's National Police (NNP) and has been referred to as the de facto head of, and has directed the day-to-day business of, the NNP. Under Diaz's command, the NNP has engaged in serious human rights abuse against the people of Nicaragua, including extrajudicial killings. In June, masked gunmen accompanied by individuals identified by witnesses as Nicaraguan police reportedly set fire to a family home in Managua, killing six, including two young children. When neighbors attempted to help, the police allegedly shot at them, preventing the would-be rescuers from reaching the family. The Nicaraguan police have approached gang leaders in Nicaragua for support in attacking anti-government protesters and have been accused of indiscriminately firing on and killing peaceful protesters.*

*5. Fidel Antonio Moreno Briones: Moreno was designated on July 5, 2018, for being responsible for, or the leader<sup>SEP</sup> of entities involved in, serious human rights abuse in Nicaragua. Moreno serves as the main link between municipal governments and the Sandinista National Liberation Front (FSLN), and has also acted as a leader of the Sandinista Youth, the FSLN's youth organization. The Sandinista Youth has been implicated in numerous serious human rights abuses related to the ongoing protests against the Nicaraguan government, including in the beating of protesters in April 2018 and allegedly participating in the June attack that killed a family of six in Managua. Moreno was personally implicated in ordering attacks on protesters as*

far back as 2013, when elderly and young people who were peacefully protesting reduced retirement pensions, were violently dislodged from their encampment by members of the Sandinista Youth. In 2013, Moreno also orchestrated the use of motorcyclists to violently attack individuals protesting the flawed rollout of a Nicaraguan government program, and in early 2017 recruited others to join a group of motorcyclists to take part in measures to counter anti-government marches. Moreno has been accused of stealing large sums of money from Managua municipal projects, as well as using municipal funds to pay for FSLN party activities.

6. *Jose Francisco Lopez Centeno*: Lopez was designated on July 5, 2018, for engaging in corrupt activities. Lopez is the Vice President of ALBANISA, the Nicaraguan company that imports and sells Venezuelan petroleum products, and is President of the Nicaraguan state-owned oil company Petronic. Lopez has had access significant funds collected by the government in the form of taxes and fines that he could exploit, including for the personal use of Nicaraguan leaders. When involved in infrastructure projects, Lopez would syphon funds by negotiating personal fees, has positioned numerous individuals throughout the government who have helped him steal millions of dollars on an annual basis, and has used his position to his and his family's benefit by using companies they own to win government contracts. ALBANISA is 49% owned by Petronic, and 51% owned by Venezuela's national oil company, Petroleos de Venezuela (PDVSA). Senior officials within the Nicaraguan government and the FSLN have used ALBANISA funds to purchase television and radio stations, hotels, cattle ranches, electricity generation plants, and pharmaceutical laboratories.

7. *Abdulhamit Gul*: Gul, the Turkish Minister of Justice, was designated on August 1, 2018, for being the leader of an entity that has engaged in, or whose members have engaged in, serious human rights abuse.

8. *Suleyman Soyly*: Soyly, the Turkish Minister of Interior, was designated on August 1, 2018, for being the leader of an entity that has engaged in, or whose members have engaged in, serious human rights abuse.

9. *Aung Kyaw Saw*: Aung Kyaw Saw was designated on August 17, 2018, for having been the leader of the Bureau of Special Operations (BSO) 3, an entity whose members have engaged in serious human rights abuse during his tenure. As commander of BSO 3, Aung Kyaw Saw controlled military and border guard police operations in Western, Southern, and Southwestern Commands from 2015 to early 2018. Operations in regions controlled by Western Command, were led by his subordinate Maung Maung Soe. The President sanctioned Soe for widespread human rights abuse on December 20, 2017, including military operations in Rakhine State in and after August 2017. Subordinates under his command played leading roles in a crisis in Rakhine State, which included widespread human rights abuses that killed thousands and drove hundreds of thousands of Rohingya to Bangladesh, a situation the Secretary of State concluded constitutes ethnic cleansing.

10. *Khin Maung Soe*: Khin Maung Soe was designated on August 17, 2018, for having been a leader of Military Operations Command (MOC) 15, an entity whose members engaged in serious human rights abuse during his tenure. Members of MOC 15 participated in the Maung Nu massacre on August 27, 2017, and other abuses in Rakhine State. In Maung Nu, soldiers reportedly beat, sexually assaulted, and summarily executed or otherwise killed dozens of Rohingya villagers.

11. *Thura San Lwin*: Thura San Lwin was designated on August 17, 2018, for having been the leader of the Border Guard Police (BGP), an entity whose members have engaged in serious human rights abuse during his tenure. Thura San Lwin commanded the BGP from

October 2016 to October 2017, during which time his subordinates engaged in widespread extrajudicial killings, sexual violence, assault, and other abuses of human rights.

12. *Khin Hlaing*: Khin Hlaing was designated on August 17, 2018, for leading the 99th Light Infantry Division (LID), a military entity whose members engaged in serious human rights abuse during his tenure. The 99th LID participated in abuses, including in November 2016, when 99th LID soldiers in Mong Ko, Shan State, detained ethnic Kachin and Chinese minority villagers. For 13 days, the villagers were forced to serve as human shields by lying down between rows of fences encircling the 99th LID element's outpost. The villagers were forced to stay lying down, exposed to the elements, gunfire, and grenade attacks while 99th LID soldiers sheltered behind them while fighting with militia forces. The 99th LID also engaged in beatings, killings, forced disappearances, and other serious abuses in Shan State.

13. *The Burmese 99th LID*: The 99th LID was designated on August 17, 2018, for engaging in serious human rights abuses. The 99th LID participated in abuses in Mong Ko and elsewhere in Shan State detailed above. In 2017, the 99th LID was deployed to Rakhine State and participated in serious human rights abuses alongside the 33rd LID and other security forces. In one operation in Min Gyi Village, hundreds of men, women, and children were reportedly forced to the nearby river bank where the 99th LID opened fire, executing many of the men, and forced women and girls to nearby houses where they were sexually assaulted. A number of these women and children were later stabbed and beaten, with the houses set on fire while they were inside.

14. *The Burmese 33rd LID*: The 33rd LID was designated on August 17, 2018, for engaging in serious human rights abuse. The 33rd LID participated in abuses in Rakhine State, including the August 27, 2017, operation in Chut Pyin village. This operation included extrajudicial executions, forced disappearances, and sexual violence, as well as firing on fleeing villagers. Hundreds were reportedly killed in this one operation alone. Members of the 33rd LID, along with other security forces, also participated in operations in Inn Din in August and September of 2017. Nearly all of the thousands of Rohingya residing in Inn Din were driven out of the village. Ten Rohingya men and boys were captured, bound, and executed by security forces and militia. Two journalists remain detained for investigating the incident.

15. *Saud Al-Qahtani*: Saud Al- Qahtani was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He is a senior official of the Government of Saudi Arabia who was part of the planning and execution of the operation that led to the killing of Jamal Khashoggi in the Saudi Consulate in Istanbul, Turkey on October 2, 2018.

16. *Maher Mutreb*: Maher Mutreb was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He coordinated and executed the operations resulting in the killing of Jamal Khashoggi in the Saudi Consulate General in Istanbul, Turkey on October 2, 2018.

17. *Salah Tubaigy*: Salah Tubaigy was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

18. *Meshal Albostani*: Meshal Albostani was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

19. *Naif Alarifi*: Naif Alarifi was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

20. *Mohammed Alzahrani*: Mohammed Alzahrani was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

21. *Mansour Abahussain*: Mansour Abahussain was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

22. *Khalid Alotaibi*: Khalid Alotaibi was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

23. *Abdulaziz Alhawsawi*: Abdulaziz Alhawsawi was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

24. *Waleed Alsehri*: Waleed Alsehri was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

25. *Thaar Alharbi*: Thaar Alharbi was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

26. *Fahad Albalawi*: Fahad Albalawi was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

27. *Badr Alotaibi*: Badr Alotaibi was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

28. *Mustafa Almadani*: Mustafa Almadani was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

29. *Saif Alqahtani*: Saif Alqahtani was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

30. *Turki Alsehri*: Turki Alsehri was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. He played a role in the killing of Jamal Khashoggi on October 2, 2018.

31. *Mohammed Alotaibi*: Mohammed Alotaibi was designated on November 15, 2018, for being responsible for, or complicit in, or having directly or indirectly engaged in serious human rights abuse. Alotaibi played a role in the killing of Jamal Khashoggi and, in his capacity as Consul General, oversaw the Consulate General of Saudi Arabia in Istanbul where the killing occurred.

### **Visa Restrictions Imposed**

Although no visa restrictions were imposed under the Act during 2018, persons designated pursuant to E.O. 13818 shall be subject to the visa restrictions articulated in section 2, unless an exception applies. Section 2 provides that the entry of persons designated under section 1 of the order is suspended pursuant to Presidential Proclamation 8693. In addition, the



Department of State continues to take action, as appropriate, to impose visa restrictions on those responsible for certain human rights violations and corruption pursuant to other authorities, including Presidential Proclamations 7750 and 8697, and Section 7031(c) of the FY2018 Consolidated Appropriations Act. In addition, section 212(a)(3)(E) of the Immigration and Nationality Act renders aliens ineligible for visas if a consular officer has reason to believe that they participated in acts of genocide, torture or extrajudicial killings. The Department of State also continues to share information on an ongoing basis about the operation of Presidential Proclamation 7750 and section 7031(c) with interested governments.

### **Termination of Sanctions**

The Secretary of the Treasury, in consultation with the Secretary of State, terminated financial sanctions on the following persons previously designated for serious human rights abuse:

1. *Abdulhamit Gul: On November 2, 2018, the Department of the Treasury terminated sanctions with respect to Abdulhamit Gul.*
2. *Suleyman Soyly: On November 2, 2018, the Department of the Treasury terminated sanctions with respect to Suleyman Soyly.*

### **Efforts To Encourage Governments of Other Countries To Impose Sanctions Similar to Those Authorized by the Act**

In 2018, the Administration undertook an expansive outreach campaign in Europe, Canada, and the United Kingdom to lay the groundwork for a multilateral, trans-Atlantic human rights sanctions regime. After consulting closely with Canada, the United Kingdom, France, Germany, Spain, The Netherlands, Belgium, Estonia, Lithuania, and the European Union, the Administration has identified champions, partners, and potential spoilers of the objectives established by Congress within the Act. Subsequent to our outreach, the Foreign Ministers of Canada and the Netherlands, and the Prime Minister of the United Kingdom each publicly endorsed the establishment of a human rights sanctions program at the European Union. The United States joins our Canadian, Dutch, and British partners in calling for such a program, and continues to provide both public and private support for this initiative. The Departments of State and Treasury have, over the last year, shared information, coordinated messaging, and provided technical assistance to this end.

\* \* \* \*

### **b. Visa Restrictions pursuant to Section 7031(c) of the 2017 Consolidated Appropriations Act**

As mentioned in the Magnitsky report, *supra*, the Department of State acts pursuant to multiple authorities to impose visa restrictions on those responsible for certain human rights violations and corruption, including Section 7031(c) of the Department of State's annual appropriations act, originally enacted in the Fiscal Year 2017 appropriations act and continued in subsequent appropriation acts. On February 14, 2018, the State Department announced the designation of former Albanian Prosecutor General (Mr.) Adriatik Llalla under Section 7031(c) due to his involvement in significant corruption. As explained in the media note, available at <https://www.state.gov/public-designation-of-adriatik-llalla-under-section-7031c-of-the-fy-2017-consolidated-appropriations-act/>:

Section 7031(c) provides that, in cases where the Secretary of State has credible information that foreign officials have been involved in significant corruption or gross violations of human rights, those individuals and their immediate family members are ineligible for entry into the United States. The law also requires the Secretary of State to publicly or privately designate such officials and their family members. In addition to the designation of Mr. Llalla, the Secretary is also publicly designating Mr. Llalla's spouse, Ardjana Llalla, his daughter, Eni Llalla, and his other, non-U.S. citizen child.

On April 16, 2018, the State Department announced in a media note that it was designating Albanian Member of Parliament Mr. Tom Doshi under Section 7031(c), due to his involvement in significant corruption. As explained in the media note, available at <https://www.state.gov/public-designation-of-tom-doshi-under-section-7031c-of-the-fy-2017-consolidated-appropriations-act/>: "In addition to the designation of Mr. Doshi, the Department is also publicly designating Mr. Doshi's spouse, Xhovana Doshi, his adult daughter, Briana Doshi, his adult son, James Doshi, and his minor children."

On June 12, 2018, the State Department announced the designation of Dominican Republic Senator Felix Ramon Bautista Rosario under Section 7031(c) along with his spouse, Sarah Haydee Rojas Pena, their minor children, and his other children including Felix Ramon Bautista Abreu, Felix Jose Bautista Abreu, Felix Augusto Bautista Abreu, Felix Miguel Bautista Soler, Felix Fidel Bautista Grullon, and Yanilssa Bautista Bencosme. The media note announcing the designation is available at <https://www.state.gov/public-designation-of-dominican-republic-senator-felix-bautista-under-the-fy-2018-department-of-state-foreign-operations-and-related-programs-appropriations-act-div-k-p-l-115-141/>.

On June 21, 2018, the State Department announced the designation of several senior officials from the Democratic Republic of Congo ("DRC") under Section 7031(c) due to their involvement in significant corruption related to the DRC's electoral process. See State Department media note, available at <https://www.state.gov/designation-of-senior-officials-from-the-democratic-republic-of-congo-drc/>.

On September 10, 2018, the State Department announced the designation of Nikola Spiric under Section 7031(c) for his involvement in significant corruption. See State Department media note, available at <https://www.state.gov/public-designation-of-nikola-spiric-under-section-7031c-of-the-department-of-state-foreign-operations-and-related-programs-act-of-2018/>. The media note explains that Spiric:

engaged in and benefited from public corruption, including the acceptance of improper benefits in exchange for the performance of public functions and interference with public processes, during his tenure as a member of the House of Representatives in Bosnia and Herzegovina.

The Department also designated Mr. Spiric's spouse, Nada Spiric, his son, Aleksandar Spiric, and his daughter, Jovana Spiric.

On December 10, 2018, the State Department designated former president of The Gambia, Yahya Jammeh, under Section 7031(c), as well as Jammeh's spouse, Zineb Yahya Jammeh, his daughter, Mariam Jammeh, and his son, Muhammad Yahya Jammeh. The media note making public the designations is available at <https://www.state.gov/public-designation-of-the-gambias-yahya-jammeh/>.

On December 12, 2018, the State Department designated the President of Nicaragua's Supreme Electoral Council, Roberto Jose Rivas Reyes, under Section 7031(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act of 2018. The media note making public the designation, available at <https://www.state.gov/public-designation-due-to-significant-corruption-of-nicaraguas-roberto-jose-rivas-reyes/>, also relates that Rivas had previously been designated in December 2017 under E.O. 13818. The Department also publicly designated Mr. Rivas' spouse, Ileana Patricia Lacayo Delgado de Rivas.

On December 18, 2018, the Department announced the designation of Goran Radosavljevic of Serbia under Section 7031(c), due to his involvement in gross violations of human rights. The media note announcing the designation, which is available at <https://www.state.gov/public-designation-of-goran-radosavljevic-under-section-7031c-of-the-fy-2018-department-of-state-foreign-operations-and-related-programs-appropriations-act/>, explains: "Radosavljevic was credibly implicated in the 1999 murder of the Bytyqi brothers, three Albanian-American brothers killed in Serbia after the Kosovo War." The media note also announced the designation of family members, Mr. Radosavljevic's spouse, Svetlana Radosavljevic, and his daughter, Ana Radosavljevic.

## **11. Targeted Sanctions Relating to Threats to Democratic Process and Restoration of Peace, Security, and Stability**

### ***a. Nicaragua***

On November 27, 2018, the President issued E.O. 13851, "Blocking Property of Certain Persons Contributing to the Situation in Nicaragua." 83 Fed. Reg. 61,505 (Nov. 29, 2018). The order responds to

the violent response by the Government of Nicaragua to the protests that began on April 18, 2018, and the Ortega regime's systematic dismantling and undermining of democratic institutions and the rule of law, its use of indiscriminate violence and repressive tactics against civilians, as well as its corruption leading to the destabilization of Nicaragua's economy.

Also on November 27, 2018, OFAC identified Rosario Maria Murillo De Ortega as an official of the Government of Nicaragua and Nestor Moncada Lau, as having acted on behalf of Rosario Maria Murillo De Ortega, and designated them pursuant to the new E.O. 13851. 83 Fed. Reg. 62,401 (Dec. 3, 2018). The State Department issued a media

note regarding the designations of these associates of Nicaraguan President Ortega. The note is available at <https://www.state.gov/the-united-states-sanctions-two-close-associates-of-nicaraguan-president-ortega/> and includes the following:

Today, President Trump signed an Executive Order (E.O.) designed to counter the worst abuses of the Ortega regime in Nicaragua, including its dismantling of democratic institutions and serious human rights violations and abuses. The E.O. is a new U.S. tool to expose and promote accountability of those responsible for the abuses taking place in Nicaragua, in support of the people of Nicaragua in their continued calls for democracy and rule of law. This action sends a clear signal that the United States will not tolerate the exploitation of the people and public resources of Nicaragua for private gain.

Pursuant to the E.O., the United States imposed financial sanctions on Nicaraguan President Daniel Ortega's closest associates, namely the Vice President of Nicaragua, Rosario Maria Murillo De Ortega (Murillo), and Nestor Moncada Lau (Moncada), who has acted as a national security advisor to Nicaragua's President and Vice President.

Now is the time for those within the ruling party to change their ways and for the private sector to make their voices heard in support of democratic reforms and an end to violence. Attacks and threats against peaceful protestors and the general population violate the human rights of the Nicaraguan people, and must cease. Those who remain silent or are otherwise complicit may face significant consequences as all officials of the Government of Nicaragua and private sector actors who continue to aid and abet the Ortega regime's repression could be subject to the sanctions outlined in the Executive Order.

Excerpts follow from E.O. 13851.

---

\* \* \* \*

**Section 1.** (a) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) to be responsible for or complicit in, or to have directly or indirectly engaged or attempted to engage in, any of the following:

- (A) serious human rights abuse in Nicaragua;
- (B) actions or policies that undermine democratic processes or institutions in Nicaragua;
- (C) actions or policies that threaten the peace, security, or stability of Nicaragua;
- (D) any transaction or series of transactions involving deceptive practices or corruption by, on behalf of, or otherwise related to the Government of Nicaragua or a current or former official of the Government of Nicaragua, such as the misappropriation of public assets or

expropriation of private assets for personal gain or political purposes, corruption related to government contracts, or bribery;

(ii) to be a leader or official of an entity that has, or whose members have, engaged in any activity described in subsection (a)(i) of this section or of an entity whose property and interests in property are blocked pursuant to this order;

(iii) to be an official of the Government of Nicaragua or to have served as an official of the Government of Nicaragua at any time on or after January 10, 2007;

(iv) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of:

(A) any activities described in subsection (a)(i) of this section; or

(B) any person whose property and interests in property are blocked pursuant to this order; or

(v) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order. (b) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the date of this order.

**Sec. 2.** The unrestricted immigrant and nonimmigrant entry into the United States of aliens determined to meet one or more of the criteria in section 1 of this order would be detrimental to the interests of the United States, and the entry of such persons into the United States, as immigrants or nonimmigrants, is hereby suspended, except where the Secretary of State determines that the person's entry is in the national interest of the United States. Such persons shall be treated as persons covered by section 1 of Proclamation 8693 of July 24, 2011 (Suspension of Entry of Aliens Subject to United Nations Security Council Travel Bans and International Emergency Economic Powers Act Sanctions).

\* \* \* \*

**b. Burma**

See *Digest 2016* at 658-60 regarding termination of the national emergency with respect to Burma that provided the foundation for the Burma sanctions program. As a result of that termination, OFAC removed from the Code of Federal Regulations the Burmese Sanctions Regulations. 82 Fed. Reg. 27,613 (June 16, 2017).

While continuing to support the democratic transition in Burma, the United States also expressed concern with human rights abuses endured by Rohingya in Rakhine State. On June 25, 2018, the State Department issued a press statement offering support for Burma sanctions by Canada and the European Union. The press statement, available at <https://www.state.gov/support-for-canada-and-european-union-sanctions-regarding-burma/>, includes the following:

The Department of State is working closely with our allies and partners to promote accountability for those responsible for the ethnic cleansing in Rakhine State, and for serious human rights abuses against members of other minority

groups, including in Kachin and Shan States. To that end, we have taken a number of steps, including: ceasing issuance of visas to current and former senior leaders of the Burmese military; assessing that there is credible information implicating all military units and officers involved in operations in northern Rakhine State, as well as their full chain of command, in the commission of gross violations of human rights, such that those units and individuals are ineligible to receive U.S. assistance; and supporting the mandate of the UN Fact-Finding Mission on Burma. In December of 2017, the President sanctioned former Western Command Major General Maung Maung Soe for his role in the events related to the ethnic cleansing of the Rohingya, and publicly discussed the possibility of further targeted sanctions, among other actions, against those responsible for human rights abuses.

**c. Sudan**

Effective June 29, 2018, OFAC removed regulations regarding sanctions on Sudan because of determinations by the Executive Branch that sanctions under relevant executive orders should be lifted. 83 Fed. Reg. 30,539 (June 29, 2018). The Federal Register notice of the action includes the background excerpted below.

---

\* \* \* \*

On November 3, 1997, the President issued Executive Order 13067, “Blocking Sudanese Government Property and Prohibiting Transactions With Sudan” (E.O. 13067) ...

On July 1, 1998, OFAC issued the Sudanese Sanctions Regulations, 31 CFR part 538 (SSR), as a final rule to implement E.O. 13067. The SSR were amended on various occasions to, among other things, implement further Executive orders and add additional authorizations.

On April 26, 2006, in Executive Order 13400 (E.O. 13400), the President determined that the conflict in Sudan’s Darfur region posed an unusual and extraordinary threat to the national security and foreign policy of the United States, expanded the scope of the national emergency declared in E.O. 13067 to deal with that threat, and ordered the blocking of property of certain persons connected to the conflict. On May 28, 2009, OFAC issued the Darfur Sanctions Regulations, 31 CFR part 546 (DSR), as a final rule to implement E.O. 13400. On October 13, 2006, the President issued Executive Order 13412 (E.O. 13412) to take additional steps with respect to the national emergency and to implement the Darfur Peace and Accountability Act of 2006, Public Law 109–344, 120 Stat. 1869.

On January 13, 2017, President Obama issued Executive Order 13761, “Recognizing Positive Actions by the Government of Sudan and Providing for the Revocation of Certain Sudan-Related Sanctions” (E.O. 13761). In E.O. 13761, President Obama found that the situation that gave rise to the actions taken in E.O.s 13067 and 13412 related to the policies and actions of the Government of Sudan had been altered by Sudan’s positive actions over the prior six months. These actions included a marked reduction in offensive military activity, culminating in a pledge

to maintain a cessation of hostilities in conflict areas in Sudan, and steps toward the improvement of humanitarian access throughout Sudan, as well as cooperation with the United States on addressing regional conflicts and the threat of terrorism. Given these developments, and in order to see these efforts sustained and enhanced by the Government of Sudan, President Obama ordered that, effective July 12, 2017, sections 1 and 2 of E.O. 13067 be revoked, and E.O. 13412 be revoked in its entirety, provided that a review before that date determined certain criteria were met.

On July 11, 2017, President Trump issued Executive Order 13804, “Allowing Additional Time for Recognizing Positive Actions by the Government of Sudan and Amending Executive Order 13761” (E.O. 13804). In E.O. 13804, President Trump amended E.O. 13761, extending until October 12, 2017, the review period established by E.O. 13761. This review period provided for the revocation of certain sanctions if the Government of Sudan sustained the positive actions that gave rise to E.O. 13761, including carrying out a pledge to maintain a cessation of hostilities in conflict areas in Sudan; continuing improvement of humanitarian access throughout Sudan; and maintaining its cooperation with the United States on addressing regional conflicts and the threat of terrorism.

On October 11, 2017, the Secretary of State, in consultation with the Secretary of the Treasury, the Director of National Intelligence, and the Administrator of the U.S. Agency for International Development, published notice in the Federal Register stating that the Government of Sudan had sustained the positive actions that gave rise to E.O. 13761. That notice also stated that the Secretary of State had provided to the President the report described in section 10 of E.O. 13761, fulfilling the requirement set forth in E.O. 13761, as amended by E.O. 13804, that make effective the revocation of certain economic sanctions related to Sudan. As such, effective October 12, 2017, pursuant to E.O. 13761, as amended by E.O. 13804, sections 1 and 2 of E.O. 13067 were revoked and E.O. 13412 was revoked in its entirety. As a result of the revocation of these sanctions provisions, U.S. persons are no longer prohibited from engaging in transactions that were previously prohibited solely under the SSR. Consistent with the revocation of these sanctions provisions, OFAC is removing the SSR from the Code of Federal Regulations.

The emergency declared by the President with respect to Sudan in E.O. 13067, and expanded in E.O. 13400, has not been terminated. These authorities remain the basis for the DSR, which remain in effect with respect to Darfur and continues to block the property and interests in property of certain persons connected with the conflict in Darfur.

\* \* \* \*

On November 7, 2018, the State Department issued a press statement regarding the ongoing U.S.-Sudan cooperative engagement to maintain progress toward stability in Sudan. The press statement is available at <https://www.state.gov/sudan-commits-to-strengthening-cooperation-and-meaningful-reforms/> and appears below. See *Digest 2017* at 675-84 regarding previous U.S. determinations on Sudan’s progress.

Yesterday, during bilateral meetings in Washington, D.C., Deputy Secretary of State John J. Sullivan and the Sudanese Foreign Minister Dirdeiry Mohamed Ahmed discussed the launch of the “Phase II” framework for our bilateral engagement. Phase II is designed to expand our bilateral cooperation, facilitate meaningful reforms to enhance stability in Sudan, and achieve further progress



in a number of areas of longstanding concern. The United States welcomes Sudan's commitment to making progress in key areas. Those key areas include expanding counterterrorism cooperation, enhancing human rights protections and practices, including freedoms of religion and press, improving humanitarian access, ceasing internal hostilities and creating a more conducive environment for progress in Sudan's peace process, taking steps to address certain outstanding terrorism-related claims, and adhering to UN Security Council resolutions related to North Korea. As part of this process, the United States is prepared to initiate the process of rescinding Sudan's designation as a State Sponsor of Terrorism if the determination is made that all of the relevant statutory criteria have been met, and if Sudan makes progress in addressing each of the six key areas of mutual concern prioritized by the Phase II framework. The United States is ready to cooperate with Sudan and to monitor progress as we seek meaningful developments for the benefit of the Sudanese people and the region.

**d. South Sudan**

See Section B.4 *infra* for discussion of U.S. export controls on South Sudan. On May 31, 2018, Ambassador Haley provided the U.S. explanation of vote before the adoption of UN Security Council Resolution 2418, which extended sanctions on South Sudan. Ambassador Haley's remarks are excerpted below and available at <https://usun.state.gov/remarks/8456>.

---

\* \* \* \*

...Armed groups, including government forces, are assaulting, robbing, and slaughtering civilians almost every single day. Four million people have been displaced by fighting. Another 2.5 million people have become refugees. And the fighting is getting worse.

\* \* \* \*

The Security Council has not imposed an arms embargo, even though the need is obvious. The Security Council has not sanctioned a single individual since 2015, even as the violence associated with the renewed civil war has killed thousands of people.

The South Sudanese government actually promoted one of the handful of individuals the Council previously sanctioned, to Chief of Defense Forces. This is not just an insult to the Council—this is a farce.

The United States has lost its patience. The status quo is unacceptable. It is long past time for all of us to demand better for the South Sudanese people.

\* \* \* \*



Last December, the parties in South Sudan signed the Agreement on the Cessation of Hostilities. A few days ago, they supposedly recommitted to this agreement with church leaders. So far, these are just words on paper. The parties have violated this agreement from day one. Neither the Intergovernmental Authority on Development nor the African Union ha[s] applied consequences for these violators. What we need now is concrete action by the full international community to hold these warring parties accountable.

The resolution before us today is a modest step in this direction. It extends the sanctions regime for 45 days. It demands that the parties fully adhere to the cessation of hostilities. We hope they seize this opportunity for the sake of the South Sudanese people. This is a resolution we should all support.

\* \* \* \*

On July 13, 2018, Ambassador Haley provided the U.S. explanation of vote before the adoption of UN Security Council Resolution 2428, establishing new sanctions and an arms embargo on South Sudan. Ambassador Haley's remarks are excerpted below and available at <https://usun.state.gov/remarks/8516>.

---

\* \* \* \*

...South Sudan's people have endured unimaginable suffering and unspeakable atrocities. Their leaders have failed them. They are desperate to get the most basic food, medicine, and shelter. But above all, they just want the violence to stop.

\* \* \* \*

Today, the United States has introduced a resolution that would impose an arms embargo and new sanctions against some of the people responsible for the violence. The goal of this resolution is simple. If we're going to help the people of South Sudan, we need the violence to stop. And to stop the violence, we need to stop the flow of weapons to armed groups, that they are using to fight each other and to terrorize the people. Stop the weapons, stop the violence. It is a resolution that everyone on this Council should support.

Sadly, the idea of an arms embargo for South Sudan is not a new one. In 2016, the United States proposed it. We certainly should have imposed the embargo at the time, and probably a lot earlier. But the proposal failed. Since then, we can only imagine how many weapons made their way to parties in South Sudan, and how many more people had to die. These are the weapons that armed groups used to shoot fathers in front of their wives and children, to hold up convoys of food aid, or to assault women and girls.

The Security Council had an opportunity to help put a stop to this, but we failed. We carry that burden with us. The United States is determined that we will not turn our backs on South Sudan's people again. We have tried everything to achieve a real ceasefire in South Sudan. We have given the parties many chances to change their behavior and it's impossible to keep track. We have waited, and waited, for negotiations to make a difference. Time passes, but the fighting in South Sudan never stops.

The UN recently came out with a report that looked at violence only from April 16 until May 24 of this year in just one state. Over these six weeks, the UN found that armed forces attacked 40 villages; 120 women and girls were raped or gang-raped; 232 civilians were killed, including 35 children; 25 people were killed by hanging; 63 children, elderly, and people with disabilities were burned alive. Armed groups in South Sudan are literally burning people alive and hanging them from trees. This is barbaric. And again, all of this violence happened over just six weeks in one state.

The irony here is that all of this fighting took place after the parties signed a cessation of hostilities agreement in December. Every few months, it seems, we see announcements that the parties have agreed to a new ceasefire. Sometimes, they even call these ceasefires quote-unquote permanent. These ceasefires have never held. The only certainty about a ceasefire in South Sudan is that the parties will violate them in a few hours.

So the question before us today is quite simple. Why would we possibly want to give the people responsible for this madness more weapons? Why would we give the parties more opportunities to attack the people of South Sudan?

How do we explain to the people of South Sudan that we are willing to let their tormentors get new weapons? More arms for South Sudan cannot be the answer.

We have heard the argument that an arms embargo might undermine the peace process. To be clear, the United States supports the peace process in South Sudan. We want nothing more than to see this dialogue work out.

The arms embargo is a measure to protect civilians and help stop the violence. For negotiations to work, we must end the cycle of broken promises to stick to a ceasefire. Peace in South Sudan will not come by letting the parties get their hands on more weapons. The opposite is true. Supporting an arms embargo will show the parties that we are fed up with the delays and the stalling. It will show our resolve to make life better for the people of South Sudan.

\* \* \* \*

On December 14, 2018, the State Department issued a media note regarding sanctions on three individuals for threatening the peace in South Sudan. The note is available at <https://www.state.gov/r/pa/prs/ps/2018/12/288097.htm> and includes the following:

Today, the United States imposed sanctions on three individuals for their roles in the conflict in South Sudan. Israel Ziv and Obac William Olawo were designated by the Department of Treasury's Office of Foreign Asset Control (OFAC) for being leaders of entities whose actions expanded or extend the conflict in South Sudan. Gregory Vasili was designated by OFAC for actions that have undermined peace, stability, and security in South Sudan. OFAC further designated a total of six entities owned and/or controlled by Ziv and Olawo. The United States is sending a message that the behavior of these persons is unacceptable and contrary to the ongoing and significant U.S. efforts to assist the people of South Sudan and establish a lasting peaceful resolution to the current conflict.

The December 14, 2018 designations appeared in the Federal Register on December 20, 2018. 83 Fed. Reg. 65,395 (Dec. 20, 2018). Dmitry, Ziv, and Olawo were designated under E.O. 13664. *Id.* The entities linked to them and designated under E.O. 13664 at the same time are: GLOBAL IZ GROUP LTD; GLOBAL N.T.M LTD; AFRICANA GENERAL TRADING LTD; CROWN AUTO TRADE; and GOLDEN WINGS AVIATION. *Id.*

**e. *Libya***

On April 19, 2016, the President issued E.O. 13726, “Blocking Property and Suspending Entry into the United States of Persons Contributing to the Situation in Libya.” On February 26, 2018, OFAC designated the following individuals pursuant to E.O. 13726 for involvement in “the illicit exploitation of crude oil or any other natural resources in Libya”: Darren DEBONO; Gordon DEBONO; Fahmi BEN KHALIFA; Ahmed Ibrahim Hassan Ahmed ARAFA; Rodrick GRECH; and Terence MICALLEF. 83 Fed. Reg. 9089 (Mar. 2, 2018). OFAC also designated the following entities at the same time under E.O. 13726: SEABRASS LIMITED; TARA LIMITED; KRAKERN LIMITED; ADJ TRADING LIMITED; MALTA DIRECTORIES LTD.; PETROPARK S.R.L.; HI-LOW PROPERTIES LTD.; MR HANDYMAN LTD; S-CAPE YACHT CHARTER LIMITED; S-CAPE LIMITED; OCEANO BLU TRADING LIMITED; ANDREA MARTINA LIMITED; PETROPLUS LTD; SCOGLITTI RESTAURANT; THE BUSINESS CENTRE LTD.; INOVEST LIMITED; ELEVEN EIGHTY EIGHT LIMITED; MARIE DE LOURDES COMPANY LIMITED; WORLD WATER FISHERIES LIMITED; GORGE LIMITED; TIUBODA OIL AND GAS SERVICES; KB LINES LIMITED; MOTORCYCLE ART LTD.; KB INVESTMENTS LIMITED. *Id.* OFAC also designated vessels that were owned or controlled by one of the designated persons. *Id.* On June 11, 2018, OFAC designated Abd al-Razzak FITWI Musab ABU GREIN, Ermias GHERMAY, Ahmed DABBASHI, Mohamed KOSHIAF, and Abd al-Rahman MILAD pursuant to E.O. 13726. On September 12, 2018, OFAC designated Ibrahim JADHRAN pursuant to E.O. 13726. 83 Fed. Reg. 47,971 (Sep. 21, 2018). On November 19, 2018, OFAC designated Salah BADI, (a.k.a. BADI, Omal Salem Salah; a.k.a. BADI, Saladin; a.k.a. BADI under E.O. 13726. 83 Fed. Reg. 59,448 (Nov. 23, 2018).

On June 7, 2018, the United States welcomed the designation by the UN Security Council’s Libya Sanctions Committee of six individuals for their involvement in human trafficking and smuggling of migrants in Libya. These were the first designations the Committee had made since 2011 and were advanced by the United States along with the Netherlands, France, the United Kingdom, and Germany. The U.S. Mission to the UN press release, available at <https://usun.state.gov/remarks/8474>, includes Ambassador Haley’s statement as follows:

Last fall, images of migrants being sold as slaves in Libya shocked our conscience, and the Security Council vowed to take action. Today’s sanctions send a strong message that the international community is united in seeking accountability for perpetrators of human trafficking and smuggling. There is no place in our world for such abuses of human rights and human dignity.

On September 12, 2018, the UN Security Council's Libya Sanctions Committee and the United States both imposed financial sanctions on Ibrahim Jadhran, a Libyan militia leader. See State Department media note, available at <https://www.state.gov/the-united-states-and-un-sanction-libyan-militia-leader-ibrahim-jadhran/>. OFAC designated Jadhran pursuant to E.O. 13726. The media note provides background information on Jadhran:

In June 2018, forces led by Jadhran violently attacked and seized control of the Libyan oil ports Ras Lanuf and Al Sidra. This created an economic and political crisis that cost Libya more than \$1.4 billion in revenue and set back efforts to promote political progress and stability in Libya.

On November 5, 2018, U.S. Deputy Permanent Representative to the United Nations Jonathan Cohen delivered remarks after the Security Council adopted resolution 2441 extending sanctions on illicit petroleum exports from Libya and on individuals undermining the political process. His remarks are excerpted below and available at <https://usun.state.gov/remarks/8724>.

Today's vote to renew the mandate authorizing UN Security Council sanctions on illicit petroleum exports from Libya and asset freezes and travel bans on Libyan political spoilers should have been unanimous. It should be sending a clear message to the Libyan people—that we are united behind you and that we on the Security Council will hold Libyan spoilers to account for their actions.

The Security Council unanimously agreed to designate six migrant smugglers earlier this year for their abuses in Libya, which marked the very first time that we've ever used sanctions to respond to migrant trafficking. These criminal gangs cannot operate with impunity, and we remain deeply concerned about the welfare of the migrants they seek to exploit. We also unanimously agreed in September to designate Libyan militia leader Ibrahim Jadran for attacking Libya's oil facilities earlier this summer. This should be a warning to others who may try to seize Libya's resources for themselves, and this mandate clearly authorizes the Security Council to act in the future.

On November 19, 2018, the United States and the UN imposed coordinated financial sanctions on Salah Badi, a Libyan militia leader. See State Department media note, available at <https://www.state.gov/the-united-states-and-un-sanction-libyan-militia-leader-salah-badi/>. According to the media note:

In accordance with the UN listing, which the United States, United Kingdom, and France co-sponsored, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated Badi pursuant to Executive Order 13726.

In August 2018, Badi ordered action against rival militias aligned with the Government of National Accord, exacerbating instability in Tripoli. Since 2014, Badi has played a critical role in undermining Libyan peace, security, and

stability. In addition, forces under Badi's command have used Grad rockets in highly populated areas, causing indiscriminate destruction and casualties, including emergency responders and ambulance workers.

**f. *Mid-East Peace Process***

On January 10, 2018, OFAC published its determination to remove the name of one individual—Fathi SHAQAQI—from the SDN list who had been designated pursuant to the executive order issued on January 23, 1995, titled “Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process.” 83 Fed. Reg. 1284 (Jan. 10, 2018).

**12. Transnational Crime**

Executive Order 13581, “Blocking Property of Transnational Criminal Organizations,” was signed in 2011. On January 30, 2018, OFAC designated four individuals (Zhao WEI; Guiqin SU; Abbas EBERAHIM; and Nat RUNGTAWANKHIRI) and four entities (ZHAO WEI TCO; KINGS ROMANS INTERNATIONAL (HK) CO., LIMITED; KINGS ROMANS INTERNATIONAL INVESTMENT CO. LIMITED; and KING ROMANS COMPANY LIMITED) pursuant to E.O. 13581. 83 Fed. Reg. 5159 (Feb. 5, 2018). On April 18, 2018, OFAC designated Nasif BARAKAT (an individual) and the BARAKAT TRANSNATIONAL CRIMINAL ORGANIZATION (an entity) pursuant to E.O. 13581. 83 Fed. Reg. 17,897 (Apr. 24, 2018). On October 2, 2018, OFAC designated four individuals (Utao MORIO; Chikara TSUDA; Yasuo TAKAGI; and Katsuaki MITSUYASU) and two entities (K.K. YAMAKI and TOYO SHINYO JITSUGYO K.K.) pursuant to E.O. 13581. 83 Fed. Reg. 50,440 (Oct. 5, 2018)

**B. EXPORT CONTROLS**

**1. Wassenaar Arrangement**

On October 24, 2018, the United States took steps to implement changes to the Wassenaar Arrangement (“WA”) control lists that were approved at a December 2017 meeting of the WA Plenary. 83 Fed. Reg. 53,742 (Oct. 24, 2018). As explained in the notice in the Federal Register regarding corresponding updates to the U.S. Export Administration Regulations (“EAR”):

The Wassenaar Arrangement (Wassenaar or WA) ([http:// www.wassenaar.org/](http://www.wassenaar.org/)) on Export Controls for Conventional Arms and Dual-Use Goods and Technologies is a group of 42 like-minded states committed to promoting responsibility and transparency in the global arms trade, and preventing destabilizing accumulations of arms. As a Participating State, the United States has committed to controlling for export all items on the WA control lists. The lists were first established in 1996 and have been revised annually thereafter. Proposals for changes to the WA control lists that achieve consensus are approved by

Participating States at annual plenary meetings. Participating States are charged with implementing the agreed list changes as soon as possible after approval. The United States' implementation of WA list changes ensures U.S. companies have a level playing field with their competitors in other WA Participating States.

## **2. Debarments**

On April 25, 2018, the State Department provided public notice of the debarment of 168 individuals and entities for violating the Arms Export Control Act ("AECA"). The State Department media note announcing the debarment is available at <https://www.state.gov/u-s-department-of-state-debars-168-persons-for-violating-or-conspiring-to-violate-the-arms-export-control-act/>. The media note explains:

This action, as required by section 127.7(b) of the International Traffic in Arms Regulations (ITAR) (22 CFR parts 120-130), highlights the Department's responsibility to protect U.S. defense articles, including technical data, and defense services from unauthorized exports and brokering.

This notice is provided for purposes of making the public aware that these statutorily debarred persons are prohibited from participating directly or indirectly in activities regulated by the ITAR. This includes any brokering activities and any export from or temporary import into the United States of defense articles, related technical data, or defense services in any situation covered by the ITAR.

The Department's Office of Defense Trade Controls Compliance in the Bureau of Political-Military Affairs, working in collaboration with the Department of Justice and the Federal Bureau of Investigation, and the Department of Homeland Security's Office of Homeland Security Investigations, identified the persons subject to statutory debarment based on their criminal conviction by a court of the United States.

The Federal Register notice identifies the 168 persons. 83 Fed. Reg. 18,112 (Apr. 25, 2018).

## **3. Export Controls on South Sudan**

See section A.5.c, *supra*, for export controls on the DPRK related to its proliferation activities and section A.9.a and A.9.b, *supra*, for export controls on Russia related to its use of chemical weapons and its actions in Ukraine. On February 2, 2018, the State Department issued a press statement announcing U.S. arms restrictions on South Sudan. The statement is excerpted below and available at <https://www.state.gov/u-s-arms-restrictions-on-south-sudan/>.

---

\* \* \* \*

The United States is appalled by the continuing violence in South Sudan that has created one of Africa's worst humanitarian crises. The government and armed opposition, despite signing the December 21 Agreement on the Cessation of Hostilities and ongoing efforts by the Intergovernmental Authority on Development (IGAD) to advance peace—and despite the suffering of their own people—have continued the use of military force to seek political advantage.

As a result of the conflict, 1.5 million people are now on the brink of famine, despite enormous efforts by the United States and other donors since the conflict began in 2013 to stave off famine and save lives. Approximately 2.4 million South Sudanese have fled as refugees to neighboring countries and 1.9 million South Sudanese are internally displaced. The government and armed opposition have continued offensive military actions, and the government obstructs the UN peacekeeping mission from fulfilling its mandate. Aid workers—at least 95 since the current conflict started in December 2013—continue to be killed trying to help the victims of the warring parties' actions. In response to this continued violence and brutality against civilians and humanitarian workers, the United States is enacting restrictions on arms transfers with South Sudan.

Specifically, the Department of State will amend the International Traffic in Arms Regulations to update the defense trade policy toward South Sudan by application of a policy of denial, with limited exceptions, on the export of defense articles and defense services to South Sudan, including all parties involved in the conflict.

We urge all countries, including South Sudan's neighbors, to promote peace and save innocent lives by cutting off the flow of defense articles and defense services to South Sudan and to halt support to actors who are working to destabilize the country. We encourage IGAD and the African Union to consider sanctions measures against those who undermine the peace process.

Additionally, the United States is seeking support for a UN Security Council embargo on all arms flows into South Sudan and we urge all UNSC members to join us in supporting this action. The message must be clear—the United States, the region, and the international community will not stand idly by as innocent South Sudanese civilians are murdered. We will continue to take actions against those who foment violence and obstruct the peace process.

\* \* \* \*

On March 21, 2018, the State Department announced the addition of fifteen South Sudanese oil-related entities to the Department of Commerce's Entity List. The press statement regarding the action is available at <https://www.state.gov/u-s-adds-south-sudanese-oil-entities-to-department-of-commerce-entity-list/> and excerpted below.

---

\* \* \* \*

Today, the United States is taking action against fifteen South Sudanese oil-related entities whose revenues have contributed to the ongoing crisis in South Sudan. This action reflects the U.S. commitment to doing all it can to protect the innocent people of South Sudan.



By placing these entities on the U.S. Department of Commerce's Entity List, the United States will impose a license requirement on all exports, re-exports, and transfers of any U.S.-origin items to those entities. ...

The listed entities are a source of substantial revenue for the Government of South Sudan. Unfortunately, the South Sudanese Government, and corrupt official actors, use this revenue to purchase weapons and fund irregular militias that undermine the peace, security, and stability of South Sudan rather than support the welfare and current emergency food needs of the South Sudanese people. We call on the region and broader international community to join us in limiting the financial flows that fuel the continuing violence in the country.

The Government of South Sudan can do better. The United States expects it, as well as the armed opposition, to fulfill their commitments to the Intergovernmental Authority on Development (IGAD) and to their own people to cease hostilities, allow unimpeded humanitarian access, and pursue a negotiated peace in good faith. As the largest donor of aid to South Sudan, the United States is proud to uphold humanitarian values and deliver vital assistance. The Government of South Sudan must not squander that generosity and should take concrete steps to provide for the vast needs of the South Sudanese people.

Today's actions are part of our ongoing effort to hold to account those who foment violence, commit human rights violations, obstruct the peace process, or engage in illicit financial activities against the interest of the South Sudanese people. We remain prepared to take additional actions, including sanctioning those who threaten the peace and security of South Sudan.

\* \* \* \*

#### **4. Export Control Litigation**

##### ***a. FLIR Systems***

On April 25, 2018, the State Department announced that it had concluded an administrative settlement with FLIR Systems, Inc. of Wilsonville, Oregon, to resolve alleged violations of the AECA and ITAR. The media note regarding the settlement is available at <https://www.state.gov/u-s-department-of-state-concludes-30-million-settlement-of-alleged-export-violations-by-flir-systems-inc/> and includes the following:

The U.S. Department of State and FLIR have reached an agreement pursuant to ITAR § 128.11 to address alleged unauthorized exports of defense articles, including technical data; the unauthorized provision of defense services; violation of the terms of provisos or other limitations of license authorizations; and the failure to maintain specific records involving ITAR-controlled transactions. FLIR's alleged unauthorized exports also included the retransfer of ITAR-controlled technical data and provision of defense services to dual national employees of Iran, Iraq, Lebanon, and Cuba to which the United States restricts exports of defense articles and defense services.

... FLIR will pay a civil penalty of \$30,000,000. The Department has agreed to suspend \$15,000,000 of this amount on the condition that the funds have or



will be used for Department-approved Consent Agreement remedial compliance measures. Also, FLIR must hire an external Designated Official to oversee the Consent Agreement, which would require the company to conduct two external audits to assess and improve its compliance program during the Agreement term as well as implement additional compliance measures.

**b. Defense Distributed**

On July 31, 2018, the United States filed its brief in opposition to the motion for a temporary restraining order (“TRO”) brought by several U.S. states against the U.S. government seeking to block the implementation of a settlement agreement reached by the United States and Defense Distributed. *State of Washington et al. v. U.S. Department of State et al.*, No. 2:18-cv-1115-RSL (W.D. Wa.). See *Digest 2016* at 668-675 for background on *Defense Distributed v. U.S. Dept. of State*. The court granted the TRO on July 31, 2018 and plaintiffs then sought a preliminary injunction. On August 15, 2018, the federal defendants filed their opposition to the motion for a preliminary injunction, reiterating the arguments made in their brief in opposition to the motion for a TRO. Excerpts below from the brief in opposition to the TRO summarize the settlement provisions permitting publication of technical data and explain why domestic concerns about 3D printing of firearms are not within the purview of the State Department’s regulation of munitions exports. The brief in opposition to the TRO as well as the brief in opposition to the preliminary injunction are available in full at <https://www.state.gov/digest-of-united-states-practice-in-international-law/>.

On August 27, 2018, the court granted the preliminary injunction, reasoning that plaintiffs had shown a likelihood of success on their Administrative Procedure Act (“APA”) claim. Defense Distributed and the other plaintiffs in the case in federal district court in Texas (which had been dismissed due to the settlement) then sought to amend the judgment in that case. The federal defendants filed their opposition to that motion to amend on September 12, 2018.

---

\* \* \* \*

**II. The Government’s Settlement With Defense Distributed**

In 2012, Defense Distributed published on the Internet “privately generated technical data regarding a number of gun-related items.” *Def. Distributed v. Dep’t of State*, 121 F. Supp. 3d 680, 687 (W.D. Tex. 2015). In May of 2013, DDTC [the Department’s Directorate of Defense Trade Controls] sent Defense Distributed a letter stating that Defense Distributed may have released [International Traffic in Arms Regulations or] ITAR-controlled technical data without the required authorization. *See id.* Defense Distributed removed the technical data and submitted a CJ request. *Id.* [In certain cases where it is unclear whether a particular item is a defense article or defense service, the Department makes a “commodity jurisdiction” (“CJ”) determination using a procedure set forth in the ITAR.] The company, however, and in conjunction with another non-profit, the Second Amendment Foundation, ultimately brought a lawsuit against, *inter alia*, the

Department and DDTC, claiming that the requirement to obtain authorization prior to publishing the subject files on its website violated the plaintiffs' rights under the First, Second, and Fifth Amendments and exceeded the Department's statutory authority. *Id.* at 688.

In August of 2015, the U.S. District Court for the Western District of Texas denied Defense Distributed's motion for a preliminary injunction. *Id.* at 701. The district court rejected the Government's arguments that "the computer files at issue do not constitute speech and thus no First Amendment protection is afforded" such files, finding that "First Amendment protection is broad" and Defense Distributed's intent to "distribut[e] the files as 'open source'" warranted treating Defense Distributed's publication of the files as speech. *Id.* at 691-92. Applying intermediate scrutiny, the district court then concluded that "because the AECA and ITAR do not prohibit domestic communications" and plaintiffs remained "free to disseminate the computer files at issue domestically," plaintiffs had not shown a substantial likelihood of success on the merits. *Id.* at 695.

The Fifth Circuit affirmed in a split decision. *See* 838 F.3d 451 (5th Cir. 2016). Focusing narrowly on the question of the public interest and the balancing of public and private interests, the panel majority concluded that the "Department's stated interest in preventing foreign nationals ... from obtaining technical data on how to produce weapons and weapon parts" outweighed plaintiffs' interest in their constitutional rights. *Id.* at 458-59. Under controlling Fifth Circuit precedent, the panel majority "decline[d] to address the merits" because plaintiffs' failure to meet any single requirement for a preliminary injunction would require affirmance of the district court. *See id.* at 456-57 (citing *PCI Transp., Inc. v. Fort Worth & W.R. Co.*, 418 F.3d 535, 545 (5th Cir. 2005)). A dissent from the panel opinion did address the merits. *See id.* at 461 (Jones, J. dissenting). "[F]or the benefit of the district court on remand," the dissent set forth an analysis concluding that "the State Department's application of its 'export' control regulations to this domestic Internet posting appears to violate the governing statute, represents an irrational interpretation of the regulations, and violates the First Amendment as a content-based regulation and a prior restraint." *Id.* at 463-64. Quoting *Reed v. Town of Gilbert*, 135 S. Ct. 2218, 2226 (2015), the dissenting opinion explained that the content-based nature of the Government's regulation rendered it Government's regulation "presumptively unconstitutional... justified only if the government proves they are narrowly tailored to serve compelling state interests." 838 F.3d at 468.

After plaintiffs' petitions for rehearing *en banc* and for certiorari were denied, *see* 138 S. Ct. 638 (2018); 865 F.3d 211 (5th Cir. 2017) (5 dissenting judges), proceedings resumed in district court. In April of 2018, the Government moved to dismiss plaintiffs' second amended complaint. *See* Civ. No. 1:15-cv-372-RP (Dkt. No. 92). Although preserving the argument—previously rejected by the district court—that Defense Distributed's Internet posting did not qualify for First Amendment protection, the Government acknowledged that, under *Reed*, strict scrutiny would apply to plaintiffs' claims. *See generally id.* Meanwhile, the district court ordered the parties to exchange written settlement demands, *see* Civ. No. 1:15-cv-372-RP (Dkt. No. 88), thereby initiating a process under which the parties were able to reach a settlement before briefing on the motion to dismiss was complete. *See* Civ. No. 1:15-cv-372-RP (Dkt. Nos. 93, 95).

Pursuant to the settlement and as relevant here, the Government agreed to the following:

(a) Defendants' commitment to draft and to fully pursue, to the extent authorized by law (including the Administrative Procedure Act), the publication in the Federal Register of a notice of proposed rulemaking and final rule, revising USML Category I to exclude the technical data that is the subject of the Action.

(b) Defendants' announcement, while the above-referenced final rule is in development, of a temporary modification, consistent with the ... (ITAR), 22 C.F.R. § 126.2, of USML Category I to exclude the technical data that is the subject of the Action. The announcement will appear on the DDTC website, [www.pmddtc.state.gov](http://www.pmddtc.state.gov), on or before July 27, 2018.

(c) Defendants' issuance of a letter to Plaintiffs on or before July 27, 2018, signed by the Deputy Assistant Secretary for Defense Trade Controls, advising that the Published Files, Ghost Gunner Files, and CAD Files are approved for public release (i.e., unlimited distribution) in any form and are exempt from the export licensing requirements of the ITAR because they satisfy the criteria of 22 C.F.R. § 125.4(b)(13). For the purposes of 22 C.F.R. § 125.4(b)(13) the Department of State is the cognizant U.S. Government department or agency, and the Directorate of Defense Trade Controls has delegated authority to issue this approval.

(d) Defendants' acknowledgment and agreement that the temporary modification of USML Category I permits any United States person, to include DD's customers and SAF's members, to access, discuss, use, reproduce, or otherwise benefit from the technical data that is the subject of the Action, and that the letter to Plaintiffs permits any such person to access, discuss, use, reproduce or otherwise benefit from the Published Files, Ghost Gunner Files, and CAD Files.

The parties executed the Settlement Agreement on June 29, 2018, and the Government complied with items (b) and (c) on July 27, 2018.

### **III. Plaintiffs' Lawsuit And Motion For A Temporary Restraining Order**

On July 30, 2018, Plaintiffs—eight States and the District of Columbia—filed the instant action against, *inter alia*, the Department, the Secretary of State, DDTC, and Defense Distributed. Compl., ECF No. 1. Plaintiffs allege that the Government's settlement with Defense Distributed has adversely affected their public safety laws, in violation of the Administrative Procedure Act ("APA") and the Tenth Amendment to the U.S. Constitution. *Id.* at 21-41. They seek declaratory and injunctive relief, including an injunction requiring the rescission of the terms of the Settlement Agreement. *Id.* at 48. Also on July 30, 2018, Plaintiffs moved for a temporary restraining order against Defendants. Mot. for Temporary Restraining Order ("TRO Mot."), ECF No. 2.

\* \* \* \*

Plaintiffs appear to argue that they will be irreparably harmed by Defense Distributed's publication of the subject files because such publication will undermine their ability to enforce their public safety laws. *See* TRO Mot. at 18-23. But neither the facts nor the law support this claim here, where there has been no change in the application of federal law to the distribution of the subject files domestically and where Plaintiffs concede the speculative nature of their harms.

First, the core inadequacy of Plaintiffs' argument is Plaintiffs' fundamental misconception of the relevant law and the authority of the State Department as the federal agency that administers it. The AECA and ITAR have not conferred upon or delegated to the

Department the authority to regulate 3D printing, domestic communications to U.S. persons, or the domestic manufacture of firearms. Rather, as noted above, the agency's authority pursuant to the AECA and ITAR is limited to *exports* of defense articles and related technical data.

Critically, neither the AECA nor ITAR prohibits the transmission of defense articles from one U.S. person to another U.S. person within the United States, and so the Department has never prohibited Defense Distributed, or any other company or individual, from providing technical data to U.S. persons on U.S. soil, including by, *e.g.*, providing such technical data through the mail, distributing DVDs containing such data, or other means. *See Def. Distributed*, 121 F. Supp. 3d at 695 (“Plaintiffs are free to disseminate the computer files at issue domestically in public or private forums, including via the mail or any other medium that does not provide the ability to disseminate the information internationally.”). To the extent Defense Distributed and others have not previously disseminated the computer files at issue within Plaintiffs’ boundaries, such inaction is attributable to their own decisions and not to the Department’s regulatory authority. Plaintiffs therefore cannot plausibly suggest that the Government’s temporary modification of its exercise of export authority has or imminently will cause any harm to Plaintiffs’ ability to enforce their statutory schemes.

\* \* \* \*

Plaintiffs next challenge the Department’s determination that the temporary modification is consistent with the United States’ national security and foreign policy. ... However, as evidenced by their lack of supporting authority, ... Plaintiffs offer no basis to challenge the Executive Branch’s findings in this regard. *E.g.*, *United States v. Hawkins*, 249 F.3d 867, 873 n.2 (9th Cir. 2001) (“[C]ourts have long recognized that the Judicial Branch should defer to decisions of the Executive Branch that relate to national security.”). Significantly, the Department’s publication of the NPRM reflects the conclusion that the underlying Category I firearms to which the technical data relates do not “provide the United States with a critical military or intelligence advantage” and are not “inherently for a military end use” and thus should be removed from USML Category I.

\* \* \* \*

**Cross References**

*U.S. Passports invalid for travel to North Korea*, **Ch. 1.A.3**

*Visa regulations and restrictions*, **Ch. 1.B.2**

*Terrorism*, **Ch. 3.B.1**

*Termination of Treaty of Amity with Iran*, **Ch. 4.B.1**

*Leibovitz v. Iran (regarding JCPOA)*, **Ch. 5.A.3**

*Alleged violations of the 1955 Treaty of Amity (ICJ case relating to JCPOA)*, **Ch. 7.B.1**

*Cuba*, **Ch. 9.A.4**

*Russia*, **Ch. 9.A.5**

*Venezuela*, **Ch. 9.A.8**

*Ukraine*, **Ch. 9.B.1**

*Russia-Georgia conflict*, **Ch. 9.B.2**

*Closure of Seattle Consulate of the Russian Federation*, **Ch. 10.C.1.a**

*Venezuela*, **Ch. 10.C.2**

*Venezuelan Navy's actions in Guyana's EEZ*, **Ch. 12.A.3.b**

*Ukraine*, **Ch. 17.B.3**

*Nicaragua*, **Ch. 17.B.6**

*Libya*, **Ch. 17.B.9**

*Burma*, **Ch. 17.C.1**

*Applicability of international law to activities in cyberspace*, **Ch. 18.A.4.d**

*Conventional weapons*, **Ch. 18.B**

*DPRK interdictions*, **Ch. 19.B.3**

*Iran nonproliferation issues*, **Ch. 19.B.4.b**

*Russia nonproliferation issues*, **Ch. 19.B.4.c**

*Chemical weapons in Syria*, **Ch. 19.D.2**

*Russia's use of chemical weapons*, **Ch. 19.D.4**