

# Non-monetary economic sanctions on entities under the US Iran Sanctions Act



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In addition to monetary fines, the US has imposed non-monetary economic penalties on entities that violate the US Iran Sanctions Act.

These non-monetary penalties include barring companies from receiving US export licences, US Export Import Bank financing, and loans over \$10m from US financial institutions. Such sanctions were recently imposed on 12 January 2012, on three foreign energy companies, including Zhuhai Zhenrong Company (Zhenrong), Kuo Oil (S) Pte. Ltd. (Kuo) and FAL Oil Company Limited (FAL). Zhenrong was found to have brokered the delivery of gasoline, worth over \$500m, to Iran in 2010 and 2011, with individual deals that were worth significantly more than the \$1m sanctions threshold. Kuo is an energy trading firm based in Singapore. The US authorities determined that Kuo supplied \$25m in refined petroleum to Iran between late 2010 and early 2011. FAL is an energy trader based in the UAE, which provided \$70m in refined petroleum to Iran over multiple shipments in late 2010.

These types of sanctions are the result of the combination of the Iran Sanctions Act of 1996 (ISA) as amended by Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 (CISADA) and Executive Order 13590, which further expands ISA restrictions. Executive Order 13590 was issued on 21 November 2011 and addresses the supply of goods, services, technology or support to Iran that could directly and significantly contribute to the maintenance or expansion of Iran's domestic production of petrochemical products or its ability to develop petroleum resources. The most significant aspect of Executive Order 13590 is that it is intended to have extraterritorial effect, as it is not restricted to 'US persons', but rather applies to any 'person', defined as 'an individual or entity'.

There are other sanctions available under the amended ISA that were not imposed on the three entities above but have been applied to other entities. These other sanctions include blocking of property or interests in property; prohibitions on foreign exchange transactions subject to US jurisdiction; barring of contracts with the US Government; denial of primary lender designations for financial institutions; prohibitions of transfers of credit or payments; and an import embargo on goods from the sanctioned entity. The US has imposed at least one of the sanctions above on several non-US companies including: Allvale Maritime Inc. (Liberia), Associated Shipbroking (Monaco), Petrochemical Commercial Company International (UAE, Jersey, Turkmenistan, etc.), Royal Oyster Group (UAE), Société Anonyme Monégasque D'Administration Maritime Et Aérienne (SAMAMA) (Monaco) and Speedy Ship FZC (UAE).

On 31 July 2012, the US authorities announced that two non-US banks (Bank of Kunlun in China and Elaf Islamic Bank in Iraq) were being sanctioned under CISADA for knowingly facilitating significant transactions for designated Iranian banks.

Date of sanction	Entity	Activity that caused a breach of regulations	Sanction
29/03/2011	Belarusneft (Belarus)	Over \$500m investment with an Iranian company	Ban on receiving aid from the Export-Import Bank of the United States, from getting US Government export licences and private US bank loans of more than \$10m in any 12-month period, and from winning US Government contracts
24/05/2011	Petrochemical Commercial Company International (PCCI) (Jersey/Iran); Royal Oyster Group (UAE); Speedy Ship FZC/ Sepahan Oil Company(UAE)	Supplied refined petroleum products to Iran and engaged in deceptive practices to ship these products to Iran and evade US sanctions	Prohibited from US foreign exchange transactions, US banking transactions and all US property transactions
24/05/2011	Tanker Pacific Management (Singapore); Société Anonyme Monégasque D'Administration Maritime Et Aérienne (SAMAMA) (Monaco); Allvale Maritime Inc. (Liberia)	Involved in September 2010 transaction that provided a tanker valued at \$8.65m to the IRISL	Barred from securing financing from the Export-Import Bank of the United States, from obtaining loans over \$10m from US financial institutions, and from receiving US export licences
24/05/2011	Associated Shipbroking (Monaco)	Involved in September 2010 transaction that provided a tanker valued at \$8.65m to the IRISL	Prohibited from US foreign exchange transactions, US banking transactions and all US property transactions.
24/05/2011	Petróleos de Venezuela (PDVSA)	Delivered at least two cargoes of reformat to Iran between December 2010 and March 2011, worth approximately \$50m	Prohibited from competing for US Government procurement contracts, from securing financing from the Export-Import Bank of the United States, and from obtaining US export licences
12/01/2012	Zhuhai Zhenrong Co. (China)	Brokered the delivery of gasoline, worth over \$500m to Iran in 2010 and 2011	Barred from receiving US export licences, Export-Import Bank of the United States financing, and loans over \$10m from US financial institutions
12/01/2012	Kuo Oil (S) Pte. Ltd (Singapore)	Supplied \$25m in refined petroleum to Iran between late 2010 and early 2011	Barred from receiving US export licences, Export-Import Bank of the United States financing, and loans over \$10m from US financial institutions
12/01/2012	FAL Oil Company Ltd. (UAE)	Provided \$70m in refined petroleum to Iran over multiple shipments in late 2010	Barred from receiving US export licences, Export-Import Bank of United States financing, and loans over \$10m from US financial institutions

The variety of sanctions that can and have been imposed on these entities appears to be calibrated to achieve a particular objective or send a specific signal to that entity. It is further proof that US authorities are determined and vigilant in seeking to force companies to comply with US sanctions. The above table is a list of some of the entities that have been sanctioned under the ISA from 2011 to 2012.

We hope that these articles have been informative. If you require any further details please contact the individual authors, your usual club contact or our legal director, Kieron Moore.

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