

OFAC Publishes Sanctions Guidance for the Maritime Shipping Industry

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On Oct. 31, 2024, The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury published a "[Sanctions Guidance for the Maritime Shipping Industry](#)" (the "Guidance"). The Guidance is directed primarily at maritime sector stakeholders, including commodities brokers, insurers, ship management service providers, shipbrokering companies, and port authorities, to assist them in complying with U.S. sanctions laws. The Guidance supplements a [May 14, 2020 OFAC guidance](#).

The Guidance identifies techniques used by sanctions evaders in the maritime sector, which include obfuscating the origin of a cargo by using ship-to-ship transfers or by manipulating the Automatic Identification System to show the vessel in a different location (so-called "spoofing"); modifying documents to mask the involvement of a sanctioned person or entity in a transaction; and making sudden changes to shipping instructions outside of "normal business practices."

The Guidance sets out five hypothetical scenarios, each of which illustrates a common fact pattern that raises sanctions concerns:

1. "Deceptive shipping practices to conceal sanctions nexus"
2. "Identification of Specially Designated National on trade documentation"
3. "Policy or registration renewals for vessels with obscured or complex ownership structures"
4. "Mid-voyage notification of sanctions risk"
5. "Opaque ownership information of proposed oil tanker purchaser."

As for how to handle the issues raised in the hypotheticals, the Guidance mostly offers boilerplate recommendations, such as:

- Adopt "robust internal sanctions compliance controls"
- Be attentive to "red flags" that could indicate sanctions evasion
- Conduct proper due diligence "to ensure shipping documentation accurately reflects the origin and destination of the cargo"
- Ensure that contracts and insurance policies contain clauses that require compliance with sanctions laws and that allow exit or termination if performance would violate such laws; and
- Apply to OFAC for a specific license if circumstances warrant.

While these basic procedures are necessary, they might not be sufficient. The Guidance notes that many industry stakeholders have implemented additional practices such as conducting augmented due diligence on vessel ownership, and using enhanced tracking systems for vessels and cargo. More detail would have been helpful.

In sum, the Guidance breaks no new ground. But it serves as a reminder that, since the OFAC sanctions program is a “strict liability” regime, it is crucial for companies to implement written compliance policies and provide employee training to minimize sanctions risks.

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