

Office of Foreign Assets Control Fires Warning Shot on Crimea Sanctions

Article By:

Jeremy P. Paner

Last week the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) signaled that it will step up its enforcement of the sanctions aimed at Russia and continue to rigorously enforce the Iran sanctions. U.S. businesses and foreign entities conducting business through the United States should assess their risk appetite in light of these very clear messages and ensure that they have the adequate controls to address this risk.

Crimea Sanctions Advisory

OFAC released a [Crimea Sanctions Advisory](#) to warn of the schemes used to circumvent or evade the embargo against the Crimea region of Ukraine. The advisory serves to clarify the widely misunderstood nature of the embargo and expose the techniques that exploit this misunderstanding. Crimea is a geographical region, and will typically not appear by name in payment instructions, letters of credit, or trade documents. It is therefore imperative that U.S. businesses screen locations within the Crimea region, to include cities, towns and ports. Like all other sanctions programs, businesses should take a risk-based approach to compliance with this embargo.

OFAC's previous advisories regarding sanctions evasion by the [Islamic Republic of Iran Shipping Lines \(IRISL\)](#) and [Exchange Houses and Trading Companies](#) were followed by a sustained increase in related designations and civil enforcement actions. It is very likely that the Crimea advisory signals the enforcement phase of the comprehensive sanctions program against the Crimea region.

Iran Sanctions Civil Penalty

On July 29, OFAC assessed a relatively minor [civil penalty of \\$82,260 against Blue Robin, Inc.](#) for importing prohibited services from Iran. Blue Robin's voluntary self-disclosure and substantial cooperation with OFAC during the enforcement investigation significantly reduced the civil penalty.

While the facts underlying this penalty are not particularly noteworthy, its timing serves as a crucial reminder that OFAC will continue to enforce the Iran sanctions, which remain firmly in place. Any potential nuclear-related primary and secondary sanctions relief affecting U.S. businesses will not occur until "Implementation Day," which is currently forecasted to occur around October 2016. The timing of this limited relief depends entirely upon verification of Iran's nuclear commitments by the International Atomic Energy Agency (IAEA). That is to say, it may never happen.

Copyright Holland & Hart LLP 1995-2025.

National Law Review, Volume V, Number 218

Source URL: <https://natlawreview.com/article/office-foreign-assets-control-fires-warning-shot-crimea-sanctions>