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President Obama's Order Targets Foreign Evaders of Sanctions

Today, President Obama signed an Executive Order (EO) titled "Prohibiting Certain Transactions With and Suspending Entry into the United States of Foreign Sanctions Evaders with Respect to Iran and Syria." The EO targets foreign individuals and entities that have:

1. Violated, attempted to violate, conspired to violate or caused a violation of U.S. sanctions against Iran or Syria; and
2. Facilitated deceptive transactions for persons subject to U.S. sanctions concerning Syria or Iran.

It is notable that the EO extends the jurisdictional reach of the U.S. sanctions programs against Iran and Syria through identification and punishment of non-U.S. persons and entities, and effectively treats such foreign entities as targets of such sanctions programs regardless of whether such persons or entities themselves are subject to U.S. sanctions programs.

Under this EO, the U.S. Treasury Department has the capability to publicly identify foreign individuals and entities that have engaged in activities in violation of U.S. sanctions against Iran or Syria, and would bar such foreign individuals and entities from accessing the U.S. financial and commercial systems. Upon the Treasury's identification and listing of a foreign sanctions evader, U.S. persons will generally be prohibited from providing to, or procuring from, the sanctioned party any goods, services or technology. Put another way, upon identification and listing, the targeting foreign person or entity would be embargoed from dealing with the U.S. financial or commercial system—and U.S. persons or entities dealing with the embargoed foreign entities would be liable for potential violations of the underlying U.S. sanctions program.

The United States has already blocked property and interests in property of the government of Iran, its agencies and instrumentalities, and all Iranian financial institutions, including the Central Bank of Iran. In all, the Treasury Department has announced more than 400 Iran-related designations and identifications of individuals and entities supporting various actions of the government of Iran. Similarly, the Administration has blocked the property and interests in property of the government of Syria and its agencies and instru-



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mentalities, including the Central Bank of Syria. The Treasury Department also has designated major Syrian financial institutions, including the Commercial Bank of Syria. In all, the Treasury Department has designated more than 60 individuals and entities supporting Syria's human rights abuses and other repressive policies.

U.S. persons and entities now have an additional burden to ensure that they do not transact with any foreign entity listed by the Treasury Department under this E.O. The most effective method to mitigate this increased export control risk is for U.S. persons and entities to implement a robust export control compliance policy and process.

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