

E-ALERT | International Trade Controls

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OFAC MAKES SIGNIFICANT REVISIONS TO ITS SDN LIST: REMOVAL OF HUNDREDS OF DESIGNATED NARCOTICS TRAFFICKERS, ADDITIONAL LISTING OF PARTIES IN UKRAINE

On June 19, 2014, the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") significantly revised the List of Specially Designated Nationals and Blocked Persons (the "SDN List") by undertaking the largest removal of parties from the list in the history of the Treasury Department's sanctions programs. OFAC removed from the SDN List several hundred individuals and entities associated with the former Cali Cartel narcotics trafficking network, centered in Colombia.

Separately, on June 20, OFAC designated an additional seven separatists in Ukraine who are allegedly engaged in efforts to destabilize Crimea and eastern Ukraine, including by falsely claiming leadership positions and fomenting violent unrest.

OFAC Lifts Sanctions on Cali Cartel

OFAC has removed from the SDN List 78 individuals and 230 entities that were associated with the former Cali Cartel network led by the Rodriguez Orejuela family.

At its height, the Cali Cartel was the most powerful drug trafficking organization in the world. In 1995, President Clinton named the cartel's leaders, brothers Miguel and Gilberto Rodriguez Orejuela, as Specially Designated Narcotics Traffickers ("SDNTs"). In 2006, the Rodriguez Orejuela brothers pled guilty to drug trafficking and money laundering charges in the United States. They were each sentenced to 30 years in U.S. prison and agreed to a \$2.1 billion forfeiture judgment. Last week's actions by OFAC did not affect the brothers' designation; they now remain the only Rodriguez Orejuela family members identified on the SDN List.

The members of the Cali Cartel network were designated pursuant to [Executive Order 12978](#) (1995), which targets narcotics traffickers whose activity was centered in Colombia. The property and property interests of designated parties that are or come into the United States or the possession or control of a U.S. person are blocked and cannot be dealt in absent licensing or other authorization from OFAC. In 2004, following the Colombian government's seizure and subsequent oversight of a number of Rodriguez Orejuela companies, OFAC announced a policy of issuing specific licenses, on a case-by-case basis, that would allow U.S. companies to engage in transactions with certain companies designated pursuant to Executive Order 12978. Following this recent delisting, OFAC's statement of licensing policy no longer applies because licensing will not be required to deal with the de-listed parties, although reporting requirements for past sales under licenses presumably still would apply.

OFAC Director Adam J. Szubin stated that the decision to undertake the broad-based delisting "demonstrates the successful use of targeted sanctions, which have destroyed the Rodriguez Orejuela brothers' business empire." Including this delisting, OFAC has removed more than 800

persons from its SDN List since 2012 and more than 1,300 persons over the course of the past seven years.

OFAC Designates Additional Ukraine Parties

OFAC has imposed sanctions on seven additional separatists in Ukraine allegedly responsible for or complicit in actions or policies that threaten the peace, security, stability, sovereignty, or territorial integrity of Ukraine, and/or involved in asserting governmental authority over areas of Ukraine without the authorization of the Government of Ukraine.

The new sanctions were imposed pursuant to [Executive Order 13661](#), which was signed by President Obama on March 16, 2014 and summarized in our [e-alert](#) of March 18, 2014. The newly designated parties are: Valery Bolotov, Igor Girkin (also known as Igor Strelkov), Valery Kaurov, Sergei Menyailo, Vyacheslav Ponomaryov, Andrey Purgin, and Denis Pushilin.

The property and property interests of these individuals that are or come into the United States or the possession or control of a U.S. person are blocked and cannot be dealt in absent licensing or other authorization from OFAC. As a result, the designations effectively prohibit U.S. persons from engaging in any business or financial dealings with these individuals or, under OFAC policy, with any entity in which any of them owns a 50% or greater interest (regardless of whether such owned entities are themselves designated). The designated individuals also are subject to a visa ban, and will be denied entry into the United States. The designations will impact non-U.S. companies because U.S. banks will no longer process transactions involving the designated persons or entities in which any of the designated persons owns a 50% or greater interest.

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We carefully track developments associated with the SDN List and are following the crisis in the Ukraine closely and will provide further updates as events unfold. Our U.S. and EU offices have deep expertise in the application of U.S. and EU sanctions, and we are well-positioned to advise companies and individuals on compliance with U.S. sanctions, as well as the impact of the Ukraine crisis on foreign investment and other commercial and legal interests in Ukraine, Russia, and elsewhere in the region.

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