

**ZUCKERT, SCOUTT &
RASENBERGER, L.L.P.**

NEWS ON EXPORT AND FOREIGN ASSET CONTROLS

2010

(Last updated: June 7, 2010)

By Lonnie Anne Pera

<u>DATE</u>	<u>CITATION</u>	<u>DESCRIPTION</u>
06/03/10	http://www.ustreas.gov/ofices/enforcement/ofac/ciopen/penalties/06032010.pdf	The Office of Foreign Assets Control ("OFAC") assessed a \$5,336 civil penalty against KLM Cargo for transporting oil field equipment and hydraulic hoses (cargo) to Khartoum, Sudan without a specific license. These transactions occurred in 2006 and 2007.
05/07/10	75 Fed. Reg. 25202	The Bureau of Industry and Security ("BIS") renewed the Temporary Denial Order ("TDO") issued against Orion Air, S.L. and Syrian Pearl Airlines. The TDO was effective for 180 days from April 29, 2010. BIS issued the original TDO in May 2009 on the grounds that Orion Air reexported BAE aircraft to Syrian Pearl Airlines without a reexport license.
05/05/10	75 Fed. Reg. 24394	<p>OFAC published an abbreviated form of the Somalia Sanctions Regulations (the "Somalia Regulations"). These regulations block all U.S. property, in which a designated Somali national has an interest and prohibit U.S. persons from engaging in any transactions involving blocked property or with, for, or on behalf of designated nationals of Somalia.</p> <p>The Somalia Regulations are list-based regulations. These regulations do not prohibit transactions involving the country of Somalia.</p>
04/05/10	75 Fed. Reg. 17052	BIS has amended the Export Administration Regulations ("EAR") to eliminate the paper versions of most export and reexport licenses and related notices.

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03/25/10	75 Fed. Reg. 14335	BIS has amended the EAR to add three new classifications to the Commodity Control List and to state the licensing policy for items falling within these classifications. The classifications cover concealed object detection equipment, including but not limited to equipment for screening people, baggage, cargo, and mail. These classifications are subject to regional stability and anti-terrorism controls.
03/18/10	75 Fed. Reg. 13079	BIS renewed the Temporary Denial Order against Mahan Airways of Iran. The order denies exporting privileges to Mahan Airways through September 3, 2010.
03/10/10	75 Fed. Reg. 11113	BIS issued an order assessing a \$250,000 civil penalty against Aviation Services International, N.V. ("ASI") and denying exporting privileges for seven years for allegedly exporting aircraft parts and other goods to Iran without the required license. BIS agreed to waive the civil penalty if ASI did not commit any other violations over the next three years. The order became effective on March 10, 2010.
03/10/10	75 Fed. Reg. 10997	<p>OFAC has amended the Sudanese Sanctions Regulations and Iranian Transaction Regulations to establish a general license, authorizing U.S. persons to export certain services and certain software related to the exchange of personal communications over the Internet ("Internet communications"). These Internet communications include instant messaging, chat and email, social networking, sharing of photos and movies, web browsing, and blogging. To qualify for the general license, the services and software must be publicly available at no cost to the user. The software also must be classified as EAR 99, classified as mass market software under ECCN 5D992, or not subject to the Export Administration Regulations ("EAR").</p> <p>OFAC has amended the Cuban Assets Control Regulations to authorize the exportation of certain services (but not software) related to the exchange of the</p>

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	(continued)	same type of Internet communications. To qualify for the general license, the services must be publicly available at no cost to the user and cannot be intended for a prohibited Cuban government official or Communist Party member. The new Cuba general license does not extend to software because BIS separately licenses or authorizes such exports.
03/10/10	75 Fed. Reg. 10996	OFAC has amended the Cuban Assets Control Regulations to clarify that for Fiscal Year 2010, the term “payment of cash in advance” for the purchase of U.S. agricultural products shall mean “payment before the transfer of title to, and control of, the exported items to the Cuban purchaser.”
03/09/10	www.ustreas.gov/offices/enforcement/ofac/civpen/penalties/03092010.pdf	OFAC entered into a settlement agreement with Aviation Services International, B.V. (“ASI”) for \$750,000 in civil penalties. ASI allegedly exported aircraft parts and other goods to Iran from 2005 through 2007, thereby violating the Export Administration Regulations (“EAR”) and the Iranian Transaction Regulations. In addition, ASI and its principal owners each pled guilty to one count of criminal conspiracy. ASI will pay \$100,000 in criminal penalties pursuant to that plea and will accept a seven year BIS Export Denial Order. By accepting the criminal penalties and the Denial Order, ASI has satisfied OFAC’s \$750,000 civil penalties.
02/05/10	www.bis.doc.gov/news/2010/bis_press02052010.htm and www.treas.gov/offices/enforcement/ofac/legal	BIS and OFAC have entered into a joint settlement agreement with Balli Group PLC and Balli Aviation Ltd. (“Balli”) for the payment of \$15 million in civil penalties. Balli allegedly conspired to export six Boeing 747 aircraft to Iran and for violating a Temporary Denial Order in violation of the Export Administration Regulations (“EAR”) and the Iranian Transactions Regulations. In addition to paying the civil penalty, Balli has agreed to hire a third party consultant to conduct annual audits for the next five years. BIS and OFAC will waive \$2 million of the civil penalties, the entire amount of which will be paid to the U.S. Department of

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	(continued)	Justice as criminal penalties, if Balli pays the full \$13 million and does not violate these regulations in the future. BIS also will waive a Temporary Denial Order, which denies exporting privileges to Balli for five years, if Balli complies fully with the terms of the settlement agreement.
02/05/10	www.bis.doc/news/2010/doj02052010.htm	Balli Aviation Ltd. pleaded, a UK subsidiary of Balli Group PLC, has pled guilty to a two-count criminal information. As part of the plea agreement, Balli will pay \$2 million in criminal penalties for conspiring to export six Boeing 747 aircraft to Iran.
02/03/10	75 Fed. Reg. 5502	OFAC published the Belarus Sanctions Regulations in response to Executive Order 13405. These Regulations block all property subject to U.S. jurisdiction ("U.S. property") of designated nationals that are undermining the democratic process or committing human rights abuses in Belarus. U.S. persons may not engage in any transactions involving these designated nationals and must block U.S. property in which these nationals have an interest. The Belarus Regulations do not prohibit trade or banking/financial services to Belarus unless the transaction or service in question involves a designated Belarus national.

Lonnie Anne Pera
ZUCKERT, SCOUTT & RASENBERGER, L.L.P.
888 Seventeenth Street, N.W., Suite 700
Washington, D.C. 20006
(202) 298-8660 FAX: (202) 342-0683
laper@zslaw.com