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# SANCTIONS INTELLIGENCE UPDATE

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IRAN SANCTIONS-RELATED RISK  
FOLLOWING US DECERTIFICATION OF  
IRAN NUCLEAR AGREEMENT



## EXECUTIVE SUMMARY

On October 13, 2017, President Trump outlined a US strategy towards Iran, including his decision not to certify Iranian compliance under provisions as established by the 2015 Iran Nuclear Agreement Review Act. The US Department of the Treasury also announced the designation of Iran's **Islamic Revolutionary Guard Corps (IRGC)** pursuant to Executive Order (EO) 13224 (previously sanctioned under EO 13382 in October 2007) and an array of additional sanctions targeting Iran. Upon decertification and as required by the legislation, the US Congress will have a 60-day period to determine whether to reimpose sanctions on Iran previously removed as part of the Joint Comprehensive Plan Of Action (JCPOA). While it is unclear what measures Congress will take, corporations and financial institutions will continue to face a complex and dynamic sanctions landscape—especially those companies entering, re-entering, or deepening relationships in Iran.

The following typologies relating to the activities of some sanctioned and delisted Iran-related entities and individuals illustrate the importance of a program to effectively assess risk. The analysis includes examples of delisted actors that have maintained ties to sanctioned entities or engaged in activities potentially subject to other Iran-related sanctions authorities. Other examples highlight ongoing commercial activity by Iranian entities sanctioned under the ballistic missile and terrorism programs, and in some cases sanctions circumvention and evasion.

### SANCTIONED IRANIAN ACTOR MAY CONTINUE TO OPERATE FACILITIES AT KEY IRANIAN PORT

As part of the JCPOA, the US government agreed to "cease the application" of secondary sanctions for certain sectors of the Iranian economy, including its shipping and port industry, on the condition that sanctioned actors would not control these sectors. Nonetheless, a sanctioned Iranian company appears to maintain an active role at the country's largest port.

- **Tidewater Middle East Company**, an Iranian port operator sanctioned by the US in 2011 for being owned by the **IRGC**, appears to be operating a terminal of an Iranian port and leasing 12 bulk commodity loading and unloading warehouses at the port, based on information posted on an Iranian government maritime website as of January 2017 and public statements from **Tidewater's** CEO in



Members of the IRGC march in Tehran, Iran in September 2011.  
*REUTERS/Stringer/File Photo*

August 2016. Guidance issued by the US Department of the Treasury in October 2016 stated that "based on publicly available information, as of Implementation Day (January 16, 2016), it appears [**Tidewater**] is not the operator of" the port.



## DELISTED IRANIAN FINANCIAL INSTITUTIONS AND AFFILIATIONS WITH SANCTIONED ACTORS

Under the JCPOA, the US government delisted approximately forty Iranian financial institutions, some of which were previously identified pursuant to the Iranian Transactions Regulations of 2012. While most Iranian financial institutions are not subject to secondary sanctions — with the exception of banks sanctioned under terrorism authorities — all remain listed by the US government as Government of Iran (GOI) entities or Iranian Financial Institutions (IFI) and are subject to restrictions for US persons and foreign entities owned or controlled by US persons. A review of ownership stakes in some of these delisted financial institutions and their commercial relationships demonstrates continued sanctions-related risks.

- An Iranian bank, identified by the US in 2012 as an IFI, is majority owned by the **Martyrs Foundation**, according to 2015 securities filings in Iran. The **Martyrs Foundation**, sanctioned by the US in 2007 for supporting **Hizballah** and other terrorist organizations, also maintains other subsidiaries active in the Iranian economy.
- Two Iranian banks, identified by the US as IFIs as of January 2016, continue to provide financial services to **Khatam al-Anbiya Construction Headquarters**. **Khatam al-Anbiya** is the **IRGC's** construction and engineering arm sanctioned by the US in 2007 for supporting Iran's ballistic missile program. In September 2016, the commander of **Khatam al-Anbiya** stated that the two banks play "an effective role in supporting large and national projects of **Khatam al-Anbiya** and have cooperated with **Khatam al-Anbiya** in implementing large [projects] and infrastructure projects." The two banks were originally sanctioned by the US in 2007 under the proliferation-related sanctions program.
- An Iranian bank, identified by the US as an IFI as of January 2016, has active commercial ties with the **Basij Resistance Force**. The **Basij Resistance Force** is a branch of the **IRGC** sanctioned by the US in 2011 for "serious human rights abuses." The bank was originally sanctioned by the US in 2010 under the proliferation-related sanctions program.
- Another Iranian bank, identified by the US in 2014 as an IFI, is minority owned by a foundation controlled by **Iran's Law Enforcement Forces**. **Iran's Law Enforcement Forces** was sanctioned by the US in 2011 for committing human rights violations in both Iran and Syria. The Iranian bank is referred to as the "police bank" in Iranian media.



Members of the Basij Resistance Force pictured in Tehran, Iran in November 2008.  
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## SANCTIONED IRANIAN ACTORS OUTSIDE THE JCPOA FRAMEWORK

Although over 400 Iranian actors were delisted as part of the JCPOA, US sanctions on Iran for ballistic missiles, terrorism, and human rights remain in effect. Some of these sanctioned actors, notably those affiliated with the **IRGC** and Iran's ballistic missile program, have continued to engage in commercial activity, and in some cases circumvent sanctions, by creating front companies and relying on networks of affiliates abroad.

- Sanctioned subsidiaries of **Khatam al-Anbiya** worked with an unsanctioned multinational Iranian construction company and one of its subsidiaries on a number of projects in Iran. In 2013, the unsanctioned construction company purchased a majority share of the **Iran Marine Industrial Company (SADRA)** after it was sanctioned by the US in 2012 for "being owned or controlled by **Khatam al-Anbiya**." The construction company then sold the share back two years later.
- **Mabrooka Trading Company**, an Iranian company sanctioned by the US in 2016 for supporting Iran's ballistic missile program, advertised its affiliation with a Serbian company that manufactures electric motors with applications in nuclear and thermoelectric power plants, mining, and oil and gas exploration platforms and exports its products to North and South America, Europe, Asia, and the Middle East.
- **Beijing Alite Technology Company**, a Chinese company sanctioned by the US in 2006 for supporting Iran's ballistic missile program, owns a separately incorporated technology import and distribution business in China that appears to work with several US and European manufacturers of high technology products.



A Mahan Air plane in Tehran, Iran in September 2011.  
*REUTERS/Morteza Nikoubazi*

- **Mahan Air**, an Iranian airline sanctioned by the US in 2011 for providing material support to the **IRGC-Qods Force**, has relied on a network of affiliates and front companies in Europe and the Middle East to procure airplane material, which has resulted in violations of US export control regulations. **Mahan Air** also maintains joint ventures with other Iranian aviation industry companies. One of its joint venture partners is headed by a former ranking **IRGC** commander. The former **IRGC** commander previously served as managing director of **Aviation Industries Organization**, sanctioned by the US in 2013 as the entity "responsible for managing Iran's military aviation industry."

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This Sanctions Intelligence Update was prepared with research and analysis provided by **Kharon**, a sanctions intelligence platform that connects users to deep data research and analysis on the networks of individuals and entities targeted by US and international sanctions programs. Kharon is a Camstoll Group company.

**The Camstoll Group** advises on sanctions, illicit finance, national security, and regulatory matters. Our deep data approach for financial institutions, multinationals, and governments is designed to generate insights and options for complex policy, regulatory, or competitive challenges.

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