

U.S. ECONOMIC SANCTIONS UPDATE: NORTH KOREA



February 25, 2016

The United States Imposes Additional Sanctions with respect to North Korea Targeting, *inter alia*, any Person that Engages in Sanctionable Activity with North Korea

New U.S. Sanctions on North Korea

On February 18, 2016, President Obama signed into law the North Korea Sanctions and Policy Enhancement Act of 2016 (H.R. 757) (the Act), legislation which tightens existing U.S. sanctions against North Korea. The Act maintains existing sanctions and additionally imposes more strict licensing requirements for the export or reexport to North Korea of any U.S.-origin goods, software, or technology, and requires the President to impose targeted sanctions on persons deemed to engage in certain types of activities related to North Korea's nuclear proliferation, money laundering, as well as its efforts to undermine cybersecurity.

U.S. Exports and Re-exports to North Korea

As a result of the Act, all U.S. exports and re-exports to North Korea continue to require a U.S. government export license.

Additional Sanctions Targets under the New North Korea Sanctions-Secondary Sanctions

Under the Act, similar to the past secondary sanctions which were imposed with respect to Iran, the United States may impose sanctions on any individual or entity that has, or has attempted to, knowingly engage or assist in:

- Activities or transactions with the government of North Korea related to proliferation of weapons of mass destruction;
- Activities related to significant arms or related material;
- Import or export of luxury goods to or from North Korea;
- Censorship by the government of North Korea;
- Serious human rights abuses by the government of North Korea;
- Money laundering, counterfeiting, or narcotics trafficking involving or supporting the government of North Korea; or
- Significant activities undermining cyber security in support of the government of North Korea.

In addition, U.S. sanctions may be imposed on individuals or entities that have, or have attempted to, engage in, facilitate, or support:

- Transactions in violation of an applicable UN Security Council resolution; or
- Any conduct prohibited by the UN Security Council or a U.S. Executive Order.
- The knowing bribery of a North Korean official or the misappropriation or theft of public funds by or for the benefit of such an official.

Individuals and entities targeted by the above sanctions will be designated as SDNs and added to the List of Specially Designated Nationals and Blocked Persons (the “SDN List”), maintained by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). U.S. persons will be prohibited from transactions and activities with or involving individuals and entities on the SDN List.

Continuing Sanctions

Unless authorized by the U.S. government, existing U.S. sanctions with respect to North Korea prohibit U.S. persons from:



- registering vessels in North Korea, obtaining authorization for a vessel to fly the North Korean flag, and owning, leasing, operating, or insuring any vessel flagged by North Korea,
- from engaging transactions with or involving certain North Korean individuals and entities whose names already appear on the SDN List and,
- from importing, into the United States, goods, services, and technology from North Korea unless authorized by OFAC. This broad prohibition applies to goods, services, and technology from North Korea that are used as components of finished products of, or substantially transformed in, a third country.

UN Sanctions

Separately, the United Nations is poised to impose additional sanctions against North Korea. The U.S. and China have agreed to a draft resolution increasing U.N. sanctions against North Korea. It has been reported that a draft sanctions resolution has been circulated to all 15 members of the council for their consideration. A vote on the resolution could take place by in a few days.

Questions and Further Guidance

For more information or questions regarding the subject covered in this *Economic Sanctions Update*, please contact:

Hal Eren	Washington, DC	 + 1 202 429 9883	hal.eren@erenlaw.com
Steven Pinter	Washington, DC	 + 1 202 429 9883	steven.pinter@erenlaw.com

The Eren Law Firm is an economic sanctions boutique. Its other core areas of concentration and practice include corporate transactions, and international dispute resolution, anti-money laundering, and international trade regulation. The Firm's clients from around the world include banks and financial institutions; insurance, reinsurance and other financial services companies; natural resource extraction companies, industrial companies, marine and air transportation companies, ship owners; sovereign governments; foreign state enterprises; and individuals.

Mr. Eren and Mr. Pinter of the Firm served in senior positions at the U.S. Treasury's Office of Foreign Assets Control (OFAC), the U.S. government agency that administers and enforces U.S. economic sanctions, for a combined 25 years prior to entering private law practice, respectively 14 and 13 years ago, and since this time, they have devoted and continue to devote most of their time in private practice to economic sanctions issues and matters, particularly those involving Iran.

This *Economic Sanctions Update* has been prepared and disseminated by The Eren Law Firm for informational purposes only and it does not constitute legal advice. The information contained in this *Economic Sanctions Update* is not intended to create, and the receipt of it does not constitute an attorney-client relationship or legal advice.

Dissemination and duplication of this *Economic Sanctions Update*, in whole or in part, is authorized with attribution/credit.

© Copyright. The Eren Law Firm.