

CLIENT ALERT

# Broad New Sanctions For North Korea Target Third-Country Companies

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## AUTHORS

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On February 23, 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") announced new sanctions on North Korean entities and companies doing business with North Korea, demonstrating the increased risk of sanctions against third-country companies engaged in routine commercial transactions with North Korea. The statement released by the Department of Treasury can be found [here](#). These actions target one individual, 27 entities, and 28 vessels pursuant to Executive Orders ("E.O.s") 13722 and 13810. These E.O.s authorize the Secretary of the Treasury to block the property of, *inter alia*, any person trading significant goods or services with North Korea or providing material support to the government of North Korea.

The new sanctions targeted individuals, entities, and vessels either registered or flagged in North Korea, China, Singapore, Taiwan, Hong Kong, Marshall Islands, Tanzania, Panama, and Comoros. Specifically, the designated entities include 16 North Korean shipping companies designated pursuant to E.O. 13810 for operating in the transportation industry in North Korea. OFAC also blocked 19 of their North Korean-flagged vessels as blocked property of a designated entity. In addition, OFAC designated nine international shipping companies, and blocked nine of their vessels, pursuant to E.O. 13810 for having used the vessels to export coal from North Korea or to engage in ship-to-ship transfers of refined petroleum products. OFAC also designated Taiwan citizen Tsang Yung Yuan pursuant to E.O. 13722 for coordinating North Korean coal exports with a Russian-based North Korean broker, as well as two Taiwanese entities owned or controlled by Tsang.

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Each of the designated individuals and entities have been added to OFAC's List of Specially Designated Nationals and Blocked Persons ("SDN" List). Their property and property interests subject to U.S. jurisdiction are now blocked and U.S. persons are generally prohibited from engaging in any transaction in which the SDNs have an interest.

In the face of increasing restrictions, North Korea has increased its ship-to-ship transfers and other evasive tactics. Accordingly, the Treasury Department, along with the U.S. Coast Guard, warned through an advisory of the significant sanctions third-country companies could face for enabling shipments to and from North Korea. The advisory can be found [here](#).

These actions represent a continuation of the U.S. government's pressure campaign to force North Korea to give up its nuclear and ballistic missile programs by targeting companies both inside and outside of North Korea. Given the U.S. government's increased focus on sanctions against North Korea and expanded targeting of third-country persons, companies should ensure that all new designations are incorporated into their screening and compliance programs and closely monitor any business that may have a direct or indirect nexus to North Korea.

If you have any questions regarding this client alert, please contact the following attorneys or the attorney with whom you regularly work.

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