

# Shipping Italy

Il quotidiano online del trasporto marittimo

## Dall'Ofac le linee guida per rispettare le sanzioni Usa nel trasporto marittimo

Nicola Capuzzo · Saturday, November 9th, 2024

L'Ofac, organismo del Dipartimento del Tesoro statunitense deputato alla gestione delle sanzioni commerciali a paesi terzi, ha appena diramato nuove linee guida per aiutare gli stakeholder del settore marittimo ad ottemperare alle proprie disposizioni.

Destinate all'intera catena del settore (broker, assicuratori, armatori ma anche Autorità portuali), che l'Ofac ritiene "in prima linea nel panorama della conformità alle sanzioni", le linee guida forniscono alcune indicazioni per individuare ed evitare i comportamenti che potrebbero dar luogo a elusione delle sanzioni, sulla base di casi pratici.

Che vengono riepilogati e catalogati in cinque capitoli: Pratiche di spedizione ingannevoli per nascondere il nesso delle sanzioni; Identificazione di un cittadino appositamente designato sulla documentazione commerciale; Rinnovi di polizze o registrazioni per imbarcazioni con strutture di proprietà oscurate o complesse (qui, in particolare, l'Ofac raccomanda agli stakeholders del settore marittimo, compresi gli assicuratori, i riassicuratori, gli armatori e i noleggiatori, di assicurarsi che le loro polizze e gli altri contratti contengano clausole di esclusione sanzioni idonee a risolvere o recedere dagli accordi che sarebbero proibiti dalle normative statunitensi sul punto; Notifica a metà viaggio del rischio di sanzioni; Informazioni opache sulla proprietà del proposto acquirente della petroliera

Occorre ricordare che l'extraterritorialità della normativa statunitense in materia di sanzioni ne implica il rispetto anche da parte di persone ed enti non-Usa, sempre che intendano ancora avere a che fare con gli Usa.

**ISCRIVITI ALLA NEWSLETTER QUOTIDIANA GRATUITA DI SHIPPING ITALY**

**SHIPPING ITALY E' ANCHE SU WHATSAPP: BASTA CLICCARE QUI PER  
ISCRIVERSI AL CANALE ED ESSERE SEMPRE AGGIORNATI**



# Compliance Communiqué

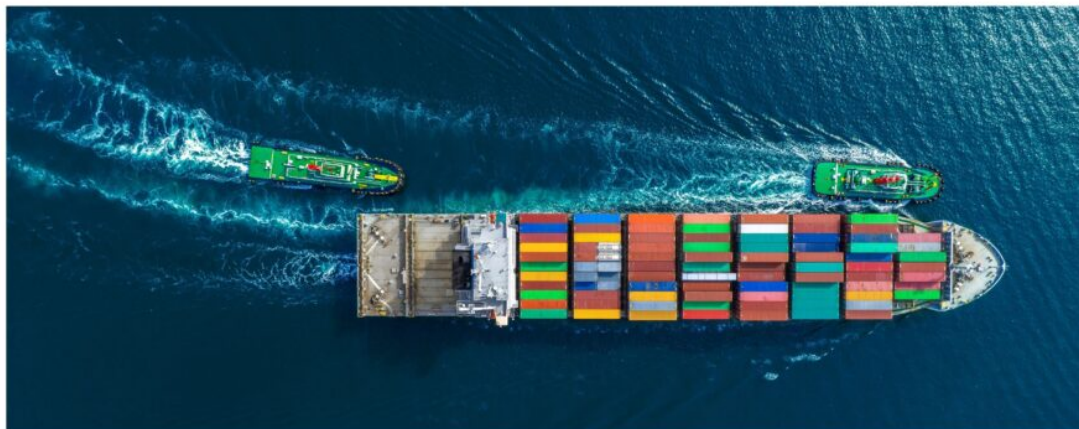
## Sanctions Guidance for the Maritime Shipping Industry

OCTOBER 31, 2024

The Office of Foreign Assets Control (OFAC) is responsible for administering and enforcing economic sanctions against targeted foreign countries, geographic regions, entities, and individuals to further U.S. foreign policy and national security goals. All U.S. persons<sup>1</sup> must comply with OFAC sanctions. OFAC strongly encourages organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States, U.S. persons, or using U.S.-origin goods or services, to employ a risk-based approach to sanctions compliance.<sup>2</sup>

Maritime sector stakeholders, including commodities brokers, insurers, ship management service providers, shipbroking companies, and port authorities, are often at the forefront of the sanctions compliance landscape as malign actors in the industry employ increasingly sophisticated deceptive practices to evade sanctions. To address risks such as the manipulation of vessel location data, document falsification, and vessel ownership obfuscation, many industry stakeholders have implemented sanctions compliance practices such as conducting additional due diligence on vessel ownership and using enhanced tracking systems for vessels and cargo.

OFAC is publishing this scenario-based guidance to aid maritime sector stakeholders in identifying certain new or common fact patterns that may be indicative of sanctions evasion, addressing common counterparty due diligence issues, and implementing best practices to promote sanctions compliance.<sup>3</sup>



<sup>1</sup> Terms such as "U.S. person" and "person subject to U.S. jurisdiction" are defined in the implementing regulations for sanctions programs in 31 CFR chapter V.

<sup>2</sup> OFAC encourages maritime sector stakeholders to review [A Framework for OFAC Compliance Commitments](#).

<sup>3</sup> This guidance supplements OFAC's previously published guidance related to the maritime sector, including the May 14, 2020 [Sanctions Advisory for the Maritime Industry, Energy and Metal Sectors, and Related Communities](#).

## Scenario



### Deceptive shipping practices to conceal sanctions nexus

An international oil trading company, *G Trade*, (or the “Charterers”), has a long-term contract with a Middle East-based commodities trader, *M Trade*. The Europe-based owner of MT VESSEL extends a voyage charter to the Charterers for each delivery of crude. On its sixth voyage charter, MT VESSEL has a minor collision, and must call to a port in the Mediterranean. The port agent requests the bill of lading and certificate of origin. Due to the nature of the cargo, the port agent reviews these documents to determine whether the cargo or a related transaction involves any jurisdictions determined to be high-risk for sanctions evasion. The certificate of origin provided states the cargo originated in “Oman.” After reviewing the automatic identification system (AIS) data and ship’s logs, however, the port agent assesses that the ship could not have been loaded in Oman. The port agent notifies the relevant parties, including the Europe-based shipowner.

The shipowner reaches out to the ship operator to request further information. The ship operator claims they had no reason to believe the certificate of origin contained falsified information, and as such, loaded the cargo accordingly. The shipowner reaches out to the Charterer’s upper management and requests confirmation that the ship loaded crude oil from Oman. The Charterer provides verbal and written confirmation that the certificate of origin is accurate.

The shipowner, with confirmation from the Charterer, makes a claim for the damages to MT VESSEL and submits the claim to its U.S. protection and indemnity (P&I) club, *Vessel Mutual*. *Vessel Mutual* utilizes its own vessel screening software and internal intelligence to verify the details of the claim,

identifying several inconsistencies in the details provided by MT VESSEL as well as reports of long periods during which the ship did not transmit its AIS data during recent voyage charters in the Persian Gulf, including during its current charter. *Vessel Mutual* also uncovers that the Charterers were previously reported to have been involved in facilitating Iran-origin crude oil shipments via illicit ship-to-ship (STS) transfers. *Vessel Mutual* uses additional satellite imagery information, which indicates that MT VESSEL attempted to obfuscate a recent STS transfer.

After identifying the potentially falsified certificate of origin to conceal the shipment of Iran-origin crude oil, *Vessel Mutual* rejects the claim filed by the Europe-based shipowner pursuant to the sanctions exclusion clause in its P&I contract. The rejection of the claim payment causes the shipowner to request additional documentation from the Charterer and their counterparties, including current and previous certificates of origin, and to conduct a thorough audit of the Charterer, previous sub-charterers, and voyage history. The audit ultimately reveals that the Charterers’ shipment of Iranian-origin crude during the most recent voyage would have caused *Vessel Mutual* to violate the Iranian Transactions and Sanctions Regulations, [31 C.F.R. part 560](#), which prohibit most direct and indirect transactions involving Iran or the Government of Iran by U.S. persons or U.S.-owned or -controlled foreign entities or within the United States. These sanctions also expose non-U.S. persons to U.S. sanctions risk for knowingly facilitating significant transactions for or providing certain material support to Iranian persons on the Specially Designated Nationals and Blocked Persons List (SDN List).

#### Key Takeaway: Voyage Documentation and Data Manipulation

When reviewing trade documentation that involves high-risk areas known for potential sanctions evasion (e.g., jurisdictions known by industry to be commonly listed on falsified documentation or certain waters known for frequent STS operations of sanctioned oil), OFAC encourages maritime stakeholders to conduct additional transaction due diligence to ensure shipping documentation accurately reflects the origin and destination of the cargo. Sanctions evaders are increasingly using vessel location manipulation, such as “spoofing” a vessel’s location via AIS manipulation to show the vessel in a different location to obfuscate the

origin of certain oil cargoes, which poses not only sanctions but also environmental and safety risks.

If a particular vessel displays AIS abnormalities while sailing in high-risk waters, maritime sector stakeholders should consider whether other associated indicia of data manipulation or obfuscation are present, including: (1) the misclassification of vessel and class of trade (e.g., oil tankers); (2) extended periods of time without transmission; (3) abnormal traffic or voyage patterns; and (4) other forms of data manipulation or obfuscation, such as Maritime Mobile Service Identity manipulation to disguise ship name or location.



## Scenario



### Identification of Specially Designated National on trade documentation

*Global Shipping* is a U.S. ship management company. *Iron Metal*, a Europe-based iron ore buyer, enters into a one-year time charter with *Global Shipping*'s Southeast Asian affiliate, *GS Affiliate*, for the transport of iron ore onboard vessel MV ONE. *Iron Metal* obtains a letter of credit from a European bank for the purchase of iron ore from *South Iron* in South America. Prior to loading, *Iron Metal* sends *GS Affiliate* a set of shipping documents, including the bill of lading provided by *South Iron*. Upon review of the documents, *GS Affiliate* notices that the freight forwarder listed on the bill of lading is an SDN, and that the OFAC SDN List<sup>4</sup> indicates that anyone who does certain business with this SDN may be subject to the imposition of U.S. secondary sanctions. *GS Affiliate* requests clarification, and *Iron Metal* responds with a new bill of lading that lists an alternate freight forwarder with no additional explanation regarding the change. *GS Affiliate*'s due diligence reveals the alternate freight forwarding company has been recently formed with no previous involvement in dry bulk cargo shipment.

As part of its due diligence process, *Global Shipping* terminates the charter party, through its broker, and also initiates a customer audit of *Iron Metal*'s past fixtures. *Global Shipping* institutes

an enhanced compliance protocol that standardizes trade document review, institutes escalation protocols, and institutionalizes compliance with U.S. sanctions across international affiliates. Further, as the deceptive practices of *Iron Metal* may have inadvertently caused *Global Shipping* to potentially violate U.S. sanctions, *Global Shipping* files a voluntary self-disclosure with OFAC.

Months after the termination of the charter party, *Iron Metal* initiates a draw on the import letter of credit to *South Iron*. At this point, the European bank requests further documentation for the trade transaction and notes new counterparties in the transaction, specifically a newly formed freight forwarding company based in a high-risk jurisdiction. The European bank conducts further due diligence on the original documentation provided, identifies the name of the SDN in the original bill of lading, and notes (as *GS Affiliate* had) that doing business involving the SDN introduces U.S. secondary sanctions risk. *Iron Metal* does not respond to the bank's requests for further information regarding the transaction with apparent SDN involvement. As a result, the bank's compliance team takes necessary steps to terminate its financial agreement with *Iron Metal*.

### Key Takeaway: Concealing Blocked Person Involvement

Red flags for potential sanctions evasion include: (1) modifications to original documentation or letters of engagement in a commercial transaction to hide or remove evidence of a nexus to sanctionable activity; (2) sudden changes to shipping instructions out of line with normal business practice; and (3) refusals to provide additional information in response to reasonable, industry-standard requests. U.S. persons should be aware of prohibited transactions involving blocked property and the applicable blocking and reporting requirements. Non-

U.S. persons could also be subject to OFAC enforcement for causing U.S. persons to violate U.S. sanctions, evading, or conspiring to violate U.S. sanctions. In some instances, non-U.S. persons may be subject to U.S. secondary sanctions for certain transactions involving blocked persons or other specified activity. As such, OFAC recommends that maritime sector stakeholders adopt robust internal sanctions compliance controls to ensure they are not in violation of U.S. sanctions regulations nor subjecting themselves to the risk of U.S. secondary sanctions.

<sup>4</sup> OFAC's Sanctions List Service is available at <https://sanctionssearch.ofac.treas.gov/>.

## Scenario



### Policy or registration renewals for vessels with obscured or complex ownership structures

A non-U.S. ship management company, *Shipping International*, is looking to obtain an annual policy for hull and marine insurance coverage for a single vessel. *Shipping International* was incorporated less than two years ago with a sole registered owner located in a country not typically used as a jurisdiction of registration in the maritime industry. *Shipping International* approaches a UK-based insurance broker for assistance with obtaining insurance coverage. The insurance broker collects several pieces of information, including the name of the insured, the type and value of the vessel, the type and value of the cargo. The insurance broker then approaches relevant underwriters who request additional information as part of their due diligence processes, including flag state of the single vessel, the identity of the registered ship management company, associated beneficial owners, technical manager, and operator of the vessel, the vessel's voyage history for the past two years, and additional financial information.

One UK-based underwriting team reviews the information provided and utilizes its maritime intelligence platform to perform internal compliance checks. Due to the age of the shipping company, there is little information, and the team is unable to identify an ultimate beneficial owner. However, there are no other red flags, and the underwriter issues the annual policy.

Immediately after issuance, the insurance company decides to cede a portion of its exposure for their portfolio of vessels, through a U.S. reinsurance broker, by obtaining a treaty reinsurance policy from a U.S. reinsurer. The U.S. reinsurance company only has a general description of the risks it is covering, however, its treaty reinsurance policy includes an industry-standard sanctions clause that prevents the extension of cover for activity that would be prohibited by U.S. sanctions regulations.

Five months into the policy, *Shipping International* files a claim for damage caused by the ship while docking in the Caribbean. Due to the nature of the policy, the U.S. broker and U.S. reinsurer are notified of the individual loss and individual loss details. The reinsurance company, now having more information regarding the underlying insured as a result of the claim information, utilizes its party screening software, which reveals the vessel's ultimate ownership is a Russian state-owned enterprise, blocked pursuant to the Russian Harmful Foreign Activities Sanctions Regulations, [31 C.F.R. part 587](#). The U.S. reinsurance broker refuses to broker or participate in further claim and related accounting procedures related to the policy, pursuant to the sanctions exclusion clause in its agreement with the UK-based underwriter, as all transactions by U.S. persons that involve the property or property interests of blocked persons are prohibited.

### Key Takeaway: Sanctions-Specific Clauses

OFAC recommends that maritime stakeholders, including insurers, reinsurers, shipowners, and vessel charters, ensure that their policies and other contracts contain sufficient sanctions exclusion clauses to exit or terminate agreements that would be otherwise prohibited by U.S. sanctions regulations and require counterparty compliance with U.S. sanctions regulations.

Please see [FAQ 102](#) for additional guidance on such clauses. OFAC also encourages industry associations that publish sample clauses to regularly review the efficacy of such clauses for their members, and maritime sector stakeholders should revise as appropriate in accordance with their own risk-based sanctions compliance program.



## Scenario



### Mid-voyage notification of sanctions risk

A tanker vessel, MT BLUE, embarks on a time charter voyage on October 1, 2023. In December 2023, media reports indicate that the MT BLUE had manipulated its location data to hide an STS transfer that occurred off the coast of Southeast Asia in which MT BLUE received Iranian-origin condensate crude oil. The vessel is set to arrive in a South Asian port days after the news breaks, fully laden with the Iranian-origin crude oil.

After further investigation, the hull and machinery, and cargo insurers, which are all U.S. subsidiaries of global insurance companies, confirm the news report and revoke their policies pursuant to contractually agreed upon sanctions exclusions clauses, as transactions or dealings related to goods or services of Iranian origin are prohibited by the Iranian Transactions and Sanctions Regulations, [31 C.F.R. section 560.206](#). The P&I insurer, while not subject to U.S. jurisdiction, included a clause in the relevant policy to allow for the suspension of coverage upon a determination that parties had engaged in evasive tactics such as vessel location manipulation.

The port authority receives the news report after the vessel has docked. It requests the relevant documentation for the vessel and cargo, including the bill of lading and certificate of origin, which indicate that the oil is of Southeast Asia origin. The port authority conducts additional due diligence to verify the vessel's port of call or anchorage in Southeast Asia to load the oil and contacts the purchaser of the oil. The port authority does not let the vessel unload the cargo because it cannot verify the cargo's provenance.

The flag state authorities perform due diligence on the vessel's voyage history using available AIS and long-range identification and tracking (LRIT) data, and confirm the media report to be true. The flag state authorities reach out to the registered owner and the group owner of the MT BLUE but receive no response. After continued lack of response and reports of insurers pulling coverage, the flag state de-flags the MT BLUE once it leaves the South Asian port. As a participant in the Registry Information Sharing Compact (RISC), it informs other members of the situation.

### Key Takeaway: Public Reporting of Sanctions Violations

In certain scenarios, maritime sector stakeholders may only learn of potential sanctionable activity mid-voyage or after the voyage's completion. If sanctions issues arise mid-voyage, such as through an illicit STS transfer to obfuscate a cargo's origin or the designation of an entity who owns the cargo onboard a vessel, maritime sector stakeholders should conduct additional due diligence to understand their sanctions-related risk in continuing to provide services to a sanctioned person or comprehensively sanctioned jurisdiction. Parties involved in such cases may consider applying to OFAC for a specific license related to the continued provision or wind down of services through [OFAC's Licensing Portal](#). OFAC also recommends that in addition to conducting sufficient counterparty due diligence prior to entering into

commercial arrangements, maritime sector stakeholders employ contractual conditions that both require counterparty compliance with U.S. sanctions regulations and enable actors to exit such arrangements as necessary.

OFAC encourages maritime sector stakeholders to contact [OFAC's Compliance Hotline](#) if there are questions related to the continued provision of services or immediate maritime safety and environmental concerns. Further, OFAC encourages anyone who may have violated OFAC-administered regulations to disclose the apparent violation via a voluntary self-disclosure. (For more information, see [FAQ 13](#).)

## Scenario



### Opaque ownership information of proposed oil tanker purchaser

A ship broker is fixing the sale for several ageing crude oil tankers. One prospective buyer, a newly incorporated ship management company, makes an offer on one of the tankers before making an inspection. The broker requests the buyer's full company details, and, upon review, notes the buyer is a special purpose vehicle (SPV) with no history of involvement in the maritime oil industry. The prospective buyer is resistant to provide additional information related to source of funds, lines of business, and other counterparties' locations and nationalities. The company's website lacks general information as well, such as contact and address information.

While there is no immediate sanctions concern, given the totality of factors involved in this sale, and the inability of the

broker to receive further information, the ship broker notifies the shipowner that it will not facilitate the sale of the tanker to this potential buyer. The ship broker records this incident in its internal customer database for tracking purposes in case this company attempts to buy another vessel. Nine months later, an employee of the ship brokering company receives a request to purchase a tanker from a new company, whose ultimate beneficial owner is the same prospective buyer previously flagged in their system. The employee escalates the request for further review, which reveals that the prospective buyer has a property interest in several other vessels that were identified as blocked property by OFAC six months earlier for the transport of Iranian-origin oil.

#### Key Takeaway: Opaque Vessel Ownership

Those involved in the sale of vessels including shipowners, ship brokers, and financial institutions should be vigilant of risk indicators associated with potential evasive or illicit behavior in the maritime oil trade used to conceal the ultimate beneficial owner of vessels. In addition to conducting a risk-based assessment on counterparties involved in

vessel sales, including in certain instances enhanced due diligence, participants should pay attention to the use of complex ownership and management structures, shell companies, intermediaries, and escrow agents that could be used to conceal the ultimate "end-use" of the vessel.

## Additional Resources

[OFAC Website](#)

[OFAC Recent Actions](#)

[OFAC Sanctions Program and Country Information](#)

[OFAC FAQs](#)

[OFAC's Sanctions List Service](#)

[OFAC Reporting System](#)

[OFAC Information for Industry Groups](#)

[OFAC Civil Penalties and Enforcement Information](#)



**OFAC Compliance Hotline**  
[ofac.treasury.gov/ofac-compliance-hotline](https://ofac.treasury.gov/ofac-compliance-hotline)



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