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## ofac brings the hammer

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### *MSK Client Alert*

April 1, 2019

In March, there was a good deal of consternation in the general press trying to understand news that President Trump had overruled the actions of the Office of Foreign Assets Control ("OFAC") to impose additional sanctions on North Korea. Beside the oddity of a President overruling actions by a part of the Executive branch after they had been taken, it remains a mystery what the President was seeking to overrule. Not being deterred, OFAC marched on, and in so doing, it provided multiple examples again how compliance programs need to not be just written, but also followed and enforced, and cost at least one American company \$1,869,144 plus significant compliance upgrade costs.

The President tweeted on March 22, 2018 that he was overruling OFAC's actions, but no new sanctions had been announced, threatened or imposed. What OFAC did the day before was to issue an advisory, of which the Dept. of State and the Coast Guard were co-publishers, titled "Updated Guidance on Addressing North Korea's Illicit Shipping Practices." In it, OFAC, State and the Coast Guard put "ship owners, managers and operators, brokers, flag registries, oil companies, port operators, shipping companies, classification service providers, insurance companies, and financial institutions" on notice to be cautious in their dealings with refined petroleum and coal. [The U.S. imposes comprehensive prohibitions on dealings with North Korea. However, the United Nations sanctions bar the importation and exportation of specific goods. For that reason, it would be wise for companies to review the full OFAC document which can be found [here](#). The advisory goes on to publish several lists of ships identified as engaging in prohibited ship-to-ship transfers, along with summarizing deceptive shipping practices and proposing risk mitigation measures.

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