

NAVIGATING ROCKY WATERS: OFAC ISSUES FURTHER SANCTIONS COMPLIANCE GUIDANCE FOR SPOTTING AND ADDRESSING SANCTIONS EVASION IN THE MARITIME SHIPPING INDUSTRY

Following the recent Price Cap Coalition's [Advisory](#) to the maritime industry published (which we covered [here](#)), on October 31, 2024, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued further [guidance](#) to help the maritime shipping industry better identify and manage five common fact patterns reflecting possible sanctions evasion activity.

A review of the detailed scenarios underscores the challenges of detecting sanctions evasion with perpetrators seeking to use whatever tools they have at their disposal to pursue business opportunities that the sanctions seek to prevent.

What is helpful is OFAC's catalogue of recommendations that provide a good reminder and checklist for compliance and risk-mitigation measures:

- Companies should look for "red flags" relating to AIS manipulation, including for example, misclassification of vessel and class of trade, long periods of interrupted or absent transmission, abnormal sailing patterns, manipulating data to disguise ship name, cargo, or location, falsified certificates or origin, or AIS "spoofing" of a ship's movements that misrepresent the ship's location and obscure the origin of certain cargo.
- Be alert to counterparties who make sudden changes to shipping instructions with no explanation or refuse to provide clarification or additional information in response to reasonable requests.
- Conduct additional due diligence regarding vessel ownership especially where there are complex ownership and management structures, shell companies, intermediaries, and escrow agents that could be used to conceal the end-use of the vessel.
- Review current contracts to ensure that they contain sufficient sanctions exclusion clauses that (1) permit termination of agreements prohibited by U.S. sanctions; and (2) require counterparty compliance with such sanctions.
- Have a response plan prepared in advance that can be activated when sanctionable activity is identified or suspected mid-voyage.

This guidance, and frequency of guidance, reminds maritime stakeholders involved in business subject to OFAC sanctions to be aware of prohibited transactions with blocked parties, property, and jurisdictions. It also specifically cautions non-U.S. persons against causing U.S. persons to violate, conspire to violate, or evade U.S. sanctions. Finally, non-U.S. persons may also be subject to U.S. secondary sanctions for transacting with blocked persons, property, or jurisdictions. As a result, all maritime stakeholders should regularly examine relevant sanctions regulations and update their sanctions compliance policies and controls.

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