ACAMS Ireland Chapter Event
Approach to Sanctions Screening, Reporting and Penalties

Speakers
David Hodgson, Dow Jones
Colm Dawson, Matheson

8th March 2018

Sponsored by Matheson & Dow Jones Risk and Compliance

www.matheson.com
Sanctions Ownership Research

Companies owned or controlled by people or entities sanctioned by the U.S. Office of Foreign Assets Control (OFAC) or the European Union:

- Minimum ownership stake of 10%
- A sanctioned individual has a possible controlling interest
- Companies owned/controlled by comprehensively sanctioned regions (Iran, North Korea, Syria, Cuba, Crimea)

Individual Ownership

Aggregated Ownership: Multiple sanctioned subjects own 50% or more

Aggregated Ownership: SSI sanctioned subjects if part of same Directive

Second level subsidiaries: Subsidiary of subsidiary of sanctioned subject

February 2018
“As we have said all along, while the JCPOA addresses the nuclear issues, it does not resolve other areas where Iran’s behavior remains unacceptable. We will continue to target sanctionable activities outside of the JCPOA – including those related to Iran’s support for terrorism, regional destabilization, human rights abuses, and ballistic missile development. It is also important to note that, other than certain limited exceptions provided for in the JCPOA, the U.S. embargo broadly remains in place, meaning that U.S. persons, including U.S. banks, will still be prohibited from virtually all dealings with Iranian entities.”

Statement by U.S. Treasury Secretary Jacob J. Lew on Reaching Implementation Day under the Joint Comprehensive Plan of Action (JCPOA) Regarding Iran’s Nuclear Program
16 January 2016

February 2018
Institutional Ownership Flowchart for Afranet
Russian & Ukraine Sanctions
Insurance Company of Gas Industry Joint Stock Company (SOGAZ)
A diagram depicting various companies and their ownership structures.

- Bolshoy Dom LLC
  - 99%
  - 26%

- The Limited Liability Company Investment Company Abros SDN

- Yuri Kovalchuck SDN
  - 32.3%

- Insurance Company of Gas Industry Joint Stock Company (SOGAZ)
  - 40.23%

- Gazprombank Asset Management Closed Joint Stock Company SSI Directive 1

- Gazprom Gazoraspredelenie Open Joint Stock Company SSI Directive 4
Bolshoy Dom LLC (100%) owns Arvila Limited Liability Company (32%). Yuri Kovalchuck (29%) owns Arvila Limited Liability Company (32%).

Mikhail Dedov SDN, Dimitri Mansurov SDN, Mikhail Klishin SDN, and Dmitri Lebedev SDN are connected through the board of directors.

Insurance Company of Gas Industry Joint Stock Company (SOGAZ) is owned by Yuri Kovalchuck (32.3%) and Gazprom Gazoraspredelenie Open Joint Stock Company SSI Directive 4 (16.22%).

February 2018: Not blocked although 48.5% owned by two implicitly sanctioned entities, one of which is owned by three sanctioned persons, and two sanctioned persons sit on the board of directors.
The Coffee Company Spain SLU aka "Costa Coffee España"
ACAMS

Financial Sanctions – A Practical Guide
8 March 2018
Sanctions basics

01 / UN & EU primarily in Ireland
   UN security council
   European measures

02 / Interaction with US measures
   US bludgeon vs European scalpel
   SDNs / OFAC - the power of the dollar

03 / Impact – strict liability
   Antithesis of risk based approach
   Specific licences
   Notification forms
Competent authorities

1. The primary authority for notifications
   Central Bank of Ireland

2. The secondary authority – no formal procedures for receipt of reports
   Department of Foreign Affairs

3. Trade based issues – we haven't encountered them in practice
   Department of Business Enterprise and Innovation
Case Study 1

- Insurance Contract
- Jurisdiction with sanctions
- Specific payment under contract
- Relevant competent authority?
- Prescribed forms
- Navigate the specific measure
Case Study 2

- Financial service provided to a large Russian Group
- Sanctioned entity in the chain
- Relevant sanction amended by several others
- OK to proceed?
- Comfort around specific fact pattern
Case Study 3

- Charity Sector
- Payments to entities
- Financial institution appetite
- Getting comfortable with exemptions
- Commerical realities?
- Wider issue of “un-banking”
Contact details

Colm Dawson
Matheson
70 Sir John Rogerson's Quay
Dublin 2

D: +353 1 232 2162
F: +353 1 232 3333
E: colm.dawson@matheson.com
W: www.matheson.com
Contact details

Joe Beashel
Head of Regulatory Risk and Compliance
Matheson
70 Sir John Rogerson's Quay
Dublin 2

D:  +353 1 232 2101
F:  +353 1 232 3333
E:  joe.beashel@matheson.com
W:  www.matheson.com
Q&A

Moderator: Joe Beashel
Panelists: Colm Dawson & David Hodgson