

28 FEBRUARY 2024

UK: YUKOS SHAREHOLDERS DEFEAT RUSSIA IN LAST REMAINING CHALLENGE TO \$50 BILLION ARBITRATION AWARDS

On 20 February, it was reported that the Amsterdam Court of Appeal had dismissed Russia's last remaining challenge to the \$50 billion arbitral awards won by the Yukos majority shareholders for the illegal expropriation of their investment. The case dated back to 2014, when an independent Court of Arbitration in The Hague unanimously awarded the former majority shareholders in Yukos Oil more than \$50 billion in compensation for the illegal and politically motivated expropriation by the Russian Federation of their investment in the company.

<https://gmllimited.com/app/uploads/2024/02/20240220-PR-Ams-CoA-def-1.pdf>

MEXICO'S LAWSUIT AGAINST US GUN MAKERS OPENS A NEW FRONT IN THE WAR AGAINST FIREARM INDUSTRY IMMUNITY

On 21 February, a post from the Transnational Litigation Blog said that, in 2021, the Government of Mexico filed a lawsuit against US firearm manufacturers demanding \$10 billion in damages for the industry's role in facilitating illegal cross-border gun trafficking and seeking injunctive relief to change the way gun makers do business. The defendants have asked the federal district court judge to put the case on hold while they pursue review in the Supreme Court. Whether the Supreme Court agrees to take the case at this stage, and whether the district court is willing to suspend proceedings in the meantime remain to be seen. The post argues that illegal cross-border traffic of firearms is not a bug but a feature of the industry's business model.

<https://tlblog.org/mexicos-lawsuit-against-u-s-gun-makers-opens-a-new-front-in-the-war-against-firearm-industry-immunity>

WHAT DOES CUSTOMARY INTERNATIONAL LAW SAY ABOUT HALKBANK'S IMMUNITY IN US LEGAL PROCEEDINGS?

On 27 February, a post on the Transnational Litigation Blog considered the situation in which Halkbank, a Turkish state-owned bank (but not its central bank), is claiming to be immune from criminal prosecution for violating US sanctions on Iran. The Supreme Court rejected Halkbank's claim last year, holding that the statute cited does not apply to criminal proceedings. The Court remanded Halkbank's common law claim to the Second Circuit for further consideration.

<https://tlblog.org/what-does-customary-international-law-say-about-halkbanks-immunity>

See also –

<https://www.lawfaremedia.org/article/second-circuit-oral-argument-preview-u.s.-v.-turkiye-halk-bankasi-a.s>

US FOREIGN EXTORTION PREVENTION ACT: CLOSING A LOOPHOLE IN US ANTI-CORRUPTION ENFORCEMENT

On 21 February, an article from DLA Piper reported that the President had signed into law the Foreign Extortion Prevention Act. It says that FEPA could have broad implications not just for foreign-owned companies, but for officials of international organisations, foreign governments, foreign state-owned companies, and the US corporations that engage in business with them. Under FEPA, it is unlawful for foreign officials to demand, seek, or accept bribes from US persons or companies (whether within or outside the US) or from any person (US or otherwise) while in the US.

<https://www.dlapiper.com/en/insights/publications/global-anti-corruption-perspective/us-foreign-extortion-prevention-act>

UK: COURT OF APPEAL JUDGMENT CONSIDERS THE PROPER APPROACH TO SANCTIONS CHALLENGES IN THE UK, IN PARTICULAR ON PROPORTIONALITY GROUNDS

On 28 February, the Global Sanctions blog reported that the Court upheld the High Court's rejection of a challenge to a sanctions designation and a challenge to the detention of the superyacht *Phi*.

<https://globalsanctions.co.uk/2024/02/1st-uk-court-of-appeal-case-on-uk-de-listing-challenges-shvidler-and-naumenko-appeals/>

ISLE OF MAN: 5 ENTRIES ADDED TO IRAN SANCTIONS LISTS

On 27 February, the Isle of Man followed the UK in advising that 2 individuals and 3 entities linked to the IRGC-QF had been added to sanctions lists.

<https://www.gov.im/news/2024/feb/27/financial-sanctions-iran/>

TAIWAN: EXPORT SANCTIONS TO BE UPDATED AND IMPACTED FIRMS HELPED

On 28 February, Focus Taiwan reported that Taiwan's entity list is to be updated following a review by a cross-ministerial committee in early April to ensure the list is in line with international export sanctions on Russia, according to the Ministry of Economic Affairs, which also promised more subsidies for the country's machinery industry which has been negatively impacted by the restrictions.

<https://focustaiwan.tw/business/202402280014>

HOW A RUSSIAN ARMS MAKER TARGETS UNKNOWING CANADIAN COMPANIES TO GET AROUND SANCTIONS

On 28 February, CBC reported that a Russian defence contractor sought to acquire electronics from 2 Canadian companies in a broader plan to skirt international sanctions and make weapons for the war in Ukraine. This is according to hacked data obtained by activists.

<https://www.cbc.ca/news/russian-arms-makers-sanctions-1.7127727>

PHILIPPINES CASINO JUNKETS BLAMED FOR MONEY LAUNDERING GREY LISTING

On 27 February, Casino.org reported that junket groups serving the Philippines' many casinos are primarily to blame for the country remaining on the FATF Grey List of nations that aren't doing enough to combat money laundering, where it has been since 2021.

<https://www.casino.org/news/philippines-casino-junkets-blamed-money-laundering-grey-list/>

FBI CHARGES NIGERIAN LAWYER WITH MONEY LAUNDERING AND OBSTRUCTING PROBE INTO \$2.1 MILLION BRIBE FROM SWISS OIL COMPANY

On 28 February, BarristerNG in Nigeria reported that a Nigerian lawyer has been charged by the FBI with multiple felonies arising from an alleged \$2.1 million bribe, which he received while serving as an officer at Nigerian National Petroleum Corp. (NNPC) in connection with negotiating favourable drilling rights for a subsidiary of a Chinese state-owned oil company.

<https://barristerng.com/fbi-charges-nigerian-lawyer-with-money-laundering-obstructing-probe-of-2-1-million-bribe-from-swiss-oil-company/>

FATF PUBLISHED BVI AML/CFT MUTUAL EVALUATION REPORT

On 27 February, FATF published the MER already released by FATF-style regional body CFATF.

<https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/BVI-CFATF-MER-2024.pdf.coredownload.inline.pdf>

UK: RUSSIA (SANCTIONS) (EU EXIT) (AMENDMENT) REGULATIONS 2024

These Regulations create new trade prohibitions in the 2019 Regulations relating to the import of certain diamonds which originate in Russia and are processed in a third country and ancillary activities relating to such imports.

<https://www.legislation.gov.uk/uksi/2024/218/contents/made>

AZERBAIJAN: AML/CFT MUTUAL EVALUATION REPORT

On 27 February, FATF published the MER prepared by MONEYVAL and following the on-site visit in March 2023.



<https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/Azerbaijan-MER-2023.pdf.coredownload.inline.pdf>

Effectiveness & Technical Compliance Ratings

Effectiveness Ratings²

IO.1 - Risk, policy and coordination Moderate	IO.2 - International cooperation Substantial	IO.3 - Supervision Low	IO.4 - Preventive measures Moderate	IO.5 - Legal persons and arrangements Moderate	IO.6 - Financial intelligence Moderate
IO.7 - ML investigation & prosecution Moderate	IO.8 - Confiscation Moderate	IO.9 - TF investigation & prosecution Substantial	IO.10 - TF preventive measures & financial sanctions Moderate	IO.11 - PF financial sanctions Moderate	

Technical Compliance Ratings³

R.1 - assessing risk & applying risk-based approach LC	R.2 - national cooperation and coordination C	R.3 - money laundering offence LC	R.4 - confiscation & provisional measures LC	R.5 - terrorist financing offence LC	R.6 - targeted financial sanctions - terrorism & terrorist financing LC
R.7 - targeted financial sanctions - proliferation LC	R.8 - non-profit organisations PC	R.9 - financial institution secrecy laws LC	R.10 - Customer due diligence LC	R.11 - Record keeping C	R.12 - Politically exposed persons C
R.13 - Correspondent banking C	R.14 - Money or value transfer services PC	R.15 - New technologies PC	R.16 - Wire transfers PC	R.17 - Reliance on third parties C	R.18 - Internal controls and foreign branches and subsidiaries LC
R.19 - Higher-risk countries LC	R.20 - Reporting of suspicious transactions C	R.21 - Tipping-off and confidentiality LC	R.22 - DNFBPs: Customer due diligence LC	R.23 - DNFBPs: Other measures LC	R.24 - Transparency & BO of legal persons PC
R.25 - Transparency & BO of legal arrangements LC	R.26 - Regulation and supervision of financial institutions PC	R.27 - Powers of supervision PC	R.28 - Regulation and supervision of DNFBPs PC	R.29 - Financial intelligence units C	R.30 - Responsibilities of law enforcement and investigative authorities LC
R.31 - Powers of law enforcement and investigative authorities LC	R.32 - Cash couriers LC	R.33 - Statistics PC	R.34 - Guidance and feedback PC	R.35 - Sanctions NC	R.36 - International instruments LC
R.37 - Mutual legal assistance LC	R.38 - Mutual legal assistance: freezing and confiscation LC	R.39 - Extradition LC	R.40 - Other forms of international cooperation LC		

² Effectiveness ratings can be either a High - HE, Substantial - SE, Moderate - ME, or Low - LE, level of effectiveness.

³ Technical compliance ratings can be either a C - compliant, LC - largely compliant, PC - partially compliant or NC - noncompliant.

FATF CONSOLIDATED AML/CFT RATINGS

Following publication of the Azerbaijan and BVI MER, FATF issued an updated schedule of all AML/CFT ratings to date.

<https://www.fatf-gafi.org/en/publications/Mutualevaluations/Assessment-ratings.html>

GUERNSEY: FIU 2023 ANNUAL REPORT RELEASED

On 28 February, Guernsey FIU published its annual report which reveals that, in 2023, it received 2031 SAR - a 24% decrease on the previous year, and 64% of these were from the e-gambling sector. 25% of SAR were linked to the trafficking of illegal substances, 24% to money laundering, 23% to fraud, and 15% tax evasion.



<https://guernseyfiu.gov.gg/CHttpHandler.ashx?id=175841&p=0>

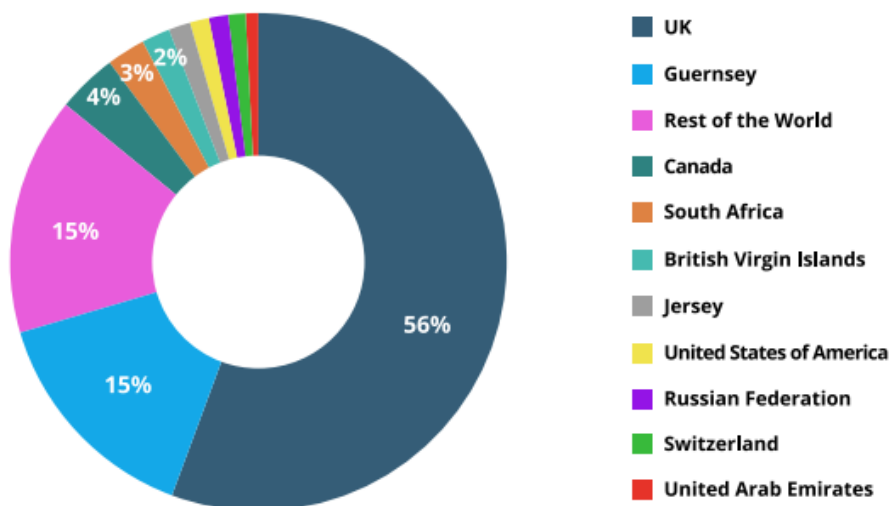


Figure 3: Pie chart showing a count of subject residency/place of incorporation on SARs received in 2023

US ADDS CANADIAN COMPANY TO ENTITY LIST FOLLOWING ACCUSATIONS OF EGYPTIAN CENSORSHIP

On 28 February, Jurist reported that the US Bureau of Industry and Security had amended the Export Administration Regulations (EAR), adding Canada-based company Sandvine to the Entity List which identifies entities believed to have been involved with activities that contradict or do not align with the national security or foreign policy interests of the US. It is said that Sandvine provides technology to the Egyptian Government, which has utilised it to mass web-monitor and censor specific news outlets and political rights activists.

<https://www.jurist.org/news/2024/02/us-introduces-restrictions-against-canada-based-company-after-accusations-of-egypt-censorship/>

ACTION AGAINST MONEY LAUNDERING NETWORK USING A LITHUANIAN FINANCIAL INSTITUTION FOR OVER €2 BILLION

On 28 February, a news release from Europol advised that Italy, Latvia and Lithuania have taken concerted action against a large-scale money laundering business, centring around a Lithuanian financial institution. Since 2017, an estimated €2 billion has been laundered by 2 main suspects via a worldwide web of shell companies. The suspects, who now have been detained, offered money laundering online as a service to criminals.

<https://www.europol.europa.eu/media-press/newsroom/news/full-scale-action-against-money-laundering-network-lithuanian-financial-institution-for-over-eur-2-billion>

UK: ICO GUIDE ADDRESSES ONLINE SAFETY ACT AND GDPR CROSS-OVER

On 27 February, an Out-Law article says that new guidance has been issued by the UK's Information Commissioner's Office (ICO) to help content platforms meet their duties under the UK's Online Safety Act in a way that accords with UK data protection law.

<https://www.pinsentmasons.com/out-law/news/ico-guide-addresses-online-safety-act-and-gdpr-cross-over>

UNDERGROUND GAMBLING ON THE RISE AS WESTERN AUSTRALIAN AUTHORITIES RAID 2 ILLEGAL CASINOS

On 15 February, Inside Asian Gaming reported that the newest case is particularly notable because the illegal operations in question apparently involve 3 employees of Crown Perth, who have since had their casino employee licences cancelled.

<https://www.asgam.com/index.php/2024/02/15/underground-gambling-on-the-rise-as-western-australian-authorities-raid-two-illegal-casinos/>

ANGOLA: FORMAL EXPORT BAN SANCTIONS BY CITES FOR FAILING TO MAKE PROGRESS IN TACKLING THE ILLEGAL TRADE IN ELEPHANT IVORY SINCE 2020

On 15 February, the Environmental Investigation Agency reported that, in January, the Standing Committee of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) has recommended that all commercial trade in CITES-listed species with Angola be suspended until further notice.

<https://eia-international.org/news/angola-hit-with-trade-sanctions-over-failure-to-tackle-elephant-poaching-and-ivory-trafficking/>

UK: HEZBOLLAH-LINKED PICASSO AND WARHOL STASH RAISES RED FLAG TO ART WORLD

On 15 February, The National reported that police swooped on a high-security warehouse near London's Heathrow airport, and officers took away nearly 2 dozen works of art belonging to alleged Hezbollah financier Nazem Ahmad. At the same time, at an auction house in central London, they seized art that Mr Ahmad, a Beirut art gallery owner who the US wants to put on trial, had hoped to sell. It notes that the NCA has issued an "Amber Alert" to art storage centres to raise red flags over their use for money laundering, tax evasion, terrorist financing, bribery and corruption.

<https://www.thenationalnews.com/world/uk-news/2024/02/15/hezbollah-linked-picasso-stash-raises-red-flag-to-art-world/>

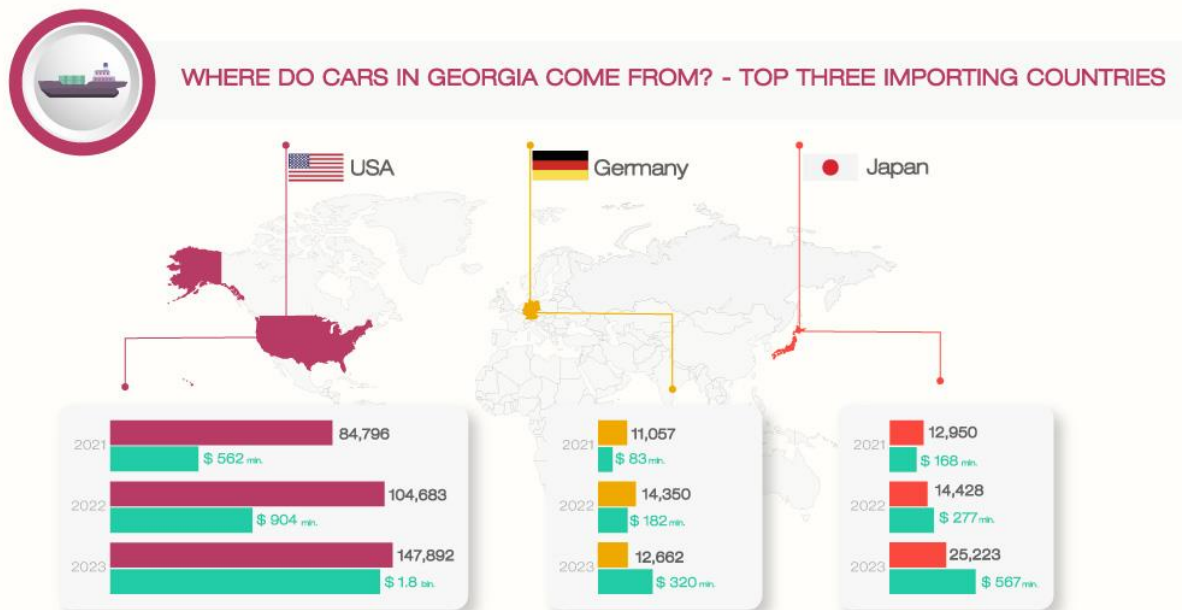
UK: OFSI REFRESHES ITS SANCTIONS GUIDANCE FOR THE MARITIME SECTOR

On 28 February, OFSI at HM Treasury advised in a post that the updated guidance covers new tactics used by illicit actors to evade UK financial sanctions, in order to allow businesses to adjust their compliance measures to stay ahead of potential risks. It also offers support for dealing with high-risk jurisdictions and provides links to relevant UK regulations. Additionally, the guidance offers recommendations for implementing additional due diligence practices, which are essential for building robust compliance programs and minimising risks.

<https://ofsi.blog.gov.uk/2024/02/28/ofsi-refreshes-its-guidance-for-the-maritime-sector/>
<https://www.gov.uk/government/publications/financial-sanctions-guidance-for-maritime-shipping/financial-sanctions-guidance-for-maritime-shipping>

HOW GEORGIA SUPPLIES VEHICLES TO RUSSIA DESPITE SANCTIONS

On 13 February, iFact in Georgia published a report saying that Georgia continues to be a corridor for sanctioned automobiles to enter the Russian market. It says that a 7-month investigation has found that despite the Georgian government's assertion that it honours the ban on the export of sanctioned vehicles to Russia, these operations persist. It says that this risks setbacks for Georgia on its path to join the EU.



<https://ifact.ge/en/russia-auto-heaven-in-georgia/>

US TREASURY ANNOUNCES ENHANCED FRAUD DETECTION PROCESS USING AI RECOVERS \$375 MILLION IN FISCAL YEAR 2023

On 28 February, the US Treasury announced that it has recovered over \$375 million as a result of its implementation of an enhanced fraud detection process that utilises Artificial Intelligence (AI) at the beginning of Fiscal Year 2023. Cheque fraud has increased nationwide by 385% since the pandemic. To address the increase in fraud, Treasury's Office of Payment Integrity (OPI), within the Bureau of the Fiscal Service (Fiscal Service), implemented an enhanced process using AI to mitigate check fraud in near real-time by strengthening and expediting processes to recover potentially fraudulent payments from financial institutions.


<https://home.treasury.gov/news/press-releases/jy2134>

OFAC SANCTIONS GUATEMALA'S LOS POCHOS DRUG TRAFFICKING ORGANISATION, MEMBERS, AND COMPANIES

On 28 February, OFAC advised that it had redesignated the *Los Pochos* Drug Trafficking Organisation (DTO), and designated 3 members and 4 affiliated companies based in Guatemala. First sanctioned in 2019 pursuant to the Kingpin Act, the *Los Pochos* DTO is a Guatemala-based organisation primarily engaged in cocaine trafficking from Guatemala through Mexico to the US. The *Los Pochos* DTO controls narcotics trafficking activities on the Guatemala-Mexico border and is associated with Mexico's Sinaloa Cartel, one of the world's most notorious drug trafficking organisations.


LOS POCHOS
Drug Trafficking Organization (DTO)
February 2024

U.S. Department of the Treasury
Office of Foreign Assets Control




EXECUTIVE ORDER 14059 ON GLOBAL ILLICIT DRUG TRADE
Los Pochos DTO (a.k.a. "MORALES CIFUENTES DTO") specializes in trafficking cocaine into the United States


U.S. Federal Indictment Eastern District of Texas June 15, 2023 Drug and Conspiracy Charges




Arrested on drug trafficking charges December 2023



Leaders




Juan Jose MORALES CIFUENTES
DOB: 9 April 1990
POB: San Marcos, Guatemala
CUI: 2755498951217




Isel Aneli SUNIGA MORFIN
DOB: 7 September 1994
POB: Ayutla, San Marcos, Guatemala
CUI: 2517372251217


DTO Member

Indicted on drug trafficking charges in the Eastern District of Texas





Erick Manuel OCHOA VILLAGRAN
DOB: 1 June 1985
POB: San Marcos, Guatemala
CUI: 1680324221213
> Arrested on drug trafficking charges






Law Enforcement narcotics seizures connected to LOS POCHOS DTO







Guatemala-based companies owned, controlled, or directed by individuals designated today in connection with the Los Pochos DTO




Construhogar
NIT # 59536969
(Guatemala)



Importadora JIREH
NIT # 59536969 (Guatemala)



WIV, Sociedad Anonima
NIT # 92345093 (Guatemala)



Condado Real
NIT # 83524479
(Guatemala)

<https://home.treasury.gov/news/press-releases/jy2133>

<https://ofac.treasury.gov/recent-actions/20240228>

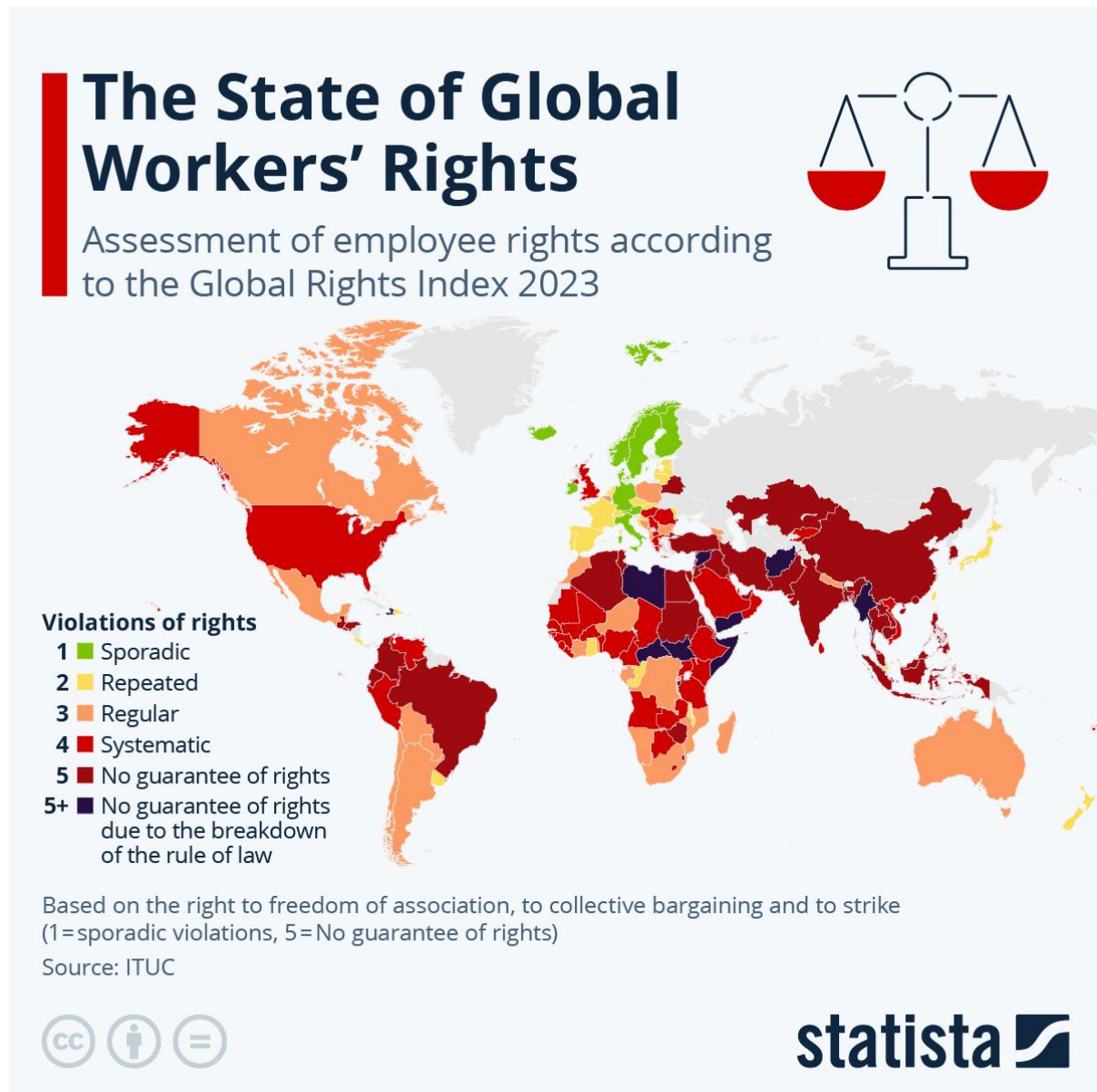
<https://ofac.treasury.gov/media/932681/download?inline=>

US INTERDICTIONS HIGHLIGHT IRAN'S CONTINUING ARMS TRANSFERS TO YEMEN

On 23 February, the Iran Watch website published an article saying that, in January, US forces conducted 2 operations to stop vessels smuggling lethal aid from Iran to Yemen. The seizures fit an

ongoing pattern of supply in which parts of advanced weapons are smuggled from Iran to be assembled by the Houthis in Yemen.

<https://www.iranwatch.org/our-publications/international-enforcement-actions/us-interdictions-highlight-irans-continuing-arms-transfers-yemen>



<https://www.statista.com/chart/29844/map-ranking-workers-rights>

MAJOR MUNITIONS TRANSFERS FROM NORTH KOREA TO RUSSIA

On 28 February, an article from CSIS said that it had studied hundreds of commercially available satellite images since August 2023 on the continuing transfer of large quantities of munitions between North Korea and Russia.

<https://beyondparallel.csis.org/major-munitions-transfers-from-north-korea-to-russia/>

ISLE OF MAN ADDS 1 NAME TO YEMEN SANCTIONS LIST

On 28 February, the Isle of Man advised that Ali Hussein Badr Al Din AL-HOUTHY, Houthi Undersecretary of the Interior and commander of the Houthi security/police forces, had been added to sanctions lists.

<https://www.gov.im/news/2024/feb/27/financial-sanctions-yemen/>

US: THE FALSE CLAIMS ACT IN 2023 - A GOVERNMENT ENFORCEMENT UPDATE

On 28 February, an article from Bradley Arrant Boulton Cummings LLP starts by saying that the Act continued to be a key tool for the DOJ and whistleblowers to bring suits against companies, including those in the financial services sector. It reports that there were a record 543 FCA settlements and judgments worth over \$2.68 billion. Meanwhile, whistleblowers filed 712 *qui tam* suits in 2023 and collected over \$349 million for filing actions to expose fraud and false claims. The Act provides that any person who knowingly submits, or causes to submit, false claims to the government is liable for 3 times the government's damages plus a penalty – and it is a federal statute originally enacted in 1863 in response to defence contractor fraud during the Civil War.

<https://www.jdsupra.com/legalnews/the-false-claims-act-in-2023-a-9534442/>

STUDY FINDS EU SANCTIONS ON RUSSIA 'MASSIVELY CIRCUMVENTED' VIA THIRD COUNTRIES

On 26 February, EurActiv reported that research by the Lille-based IÉSEG School of Management found “statistical evidence that the EU sanctions are massively circumvented” for so-called “high priority items”, which are subject to EU export restrictions and include manufacturing equipment and electrical components with potential military applications. It found that EU exports of such items to Turkey, the UAE, Kazakhstan, and other “Kremlin-friendly” countries surged by €2.979 billion, or 81.55%, in the October 2022 – September 2023 period compared to the period the previous year.

<https://www.euractiv.com/section/economy-jobs/news/eu-sanctions-on-russia-massively-circumvented-via-third-countries-study-finds/>

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<https://www.buymeacoffee.com/KolvM842y>