

Akin Gump
STRAUSS HAUER & FELD LLP

Red Notice

A Monthly Update on Global Investigations and Prosecutions



DECEMBER 2014

Introduction

Welcome to the December 2014 edition of *Red Notice*, a publication of Akin Gump Strauss Hauer & Feld LLP.

This month on the anticorruption front, a major cosmetics retailer as well as its subsidiary pleads guilty to violations of the Foreign Corrupt Practices Act (FCPA), a Texas-based aircraft repair company forfeits a multimillion dollar penalty and enters a deferred prosecution agreement (DPA) with the U.S. Department of Justice (DOJ), a northeastern life sciences company settles alleged charges of improper business practices in China, a U.K. company agrees to pay a fine to Scottish authorities as a result of improper dealings abroad and two individuals settle the U.S. Securities and Exchange Commission's (SEC) anticorruption charges without admitting or denying their participation. December also marks a month of firsts in the international corruption community as the U.K. Serious Fraud Office (SFO) announces two inaugural convictions, and the first bribery fine is imposed on a German arms dealer by German prosecutors.

In export control and sanctions enforcement news, three individuals face various consequences for committing export violations. A CEO is sentenced for attempting a prohibited export of machinery to Iran, a co-conspirator to notorious international arms dealer Victor Bout is sentenced for various export law infringements and a Chinese student pleads guilty to attempted export of non-licensed items to the People's Republic of China.

Finally, in developments in export control and sanctions law, the United States joins several European countries in extending a temporary sanctions reprieve to Iran, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) publishes new Frequently Asked Questions (FAQs) clarifying Ukraine-related sanctions, President Obama and OFAC detail an imminent cutback to sanctions on Cuba, legislation is enacted to sanction Venezuelan government officials involved in human rights abuses, OFAC updates companies and individuals on the Specially Designated Nationals List (SDN List) and Foreign Sanctions Evaders Lists, and the Bureau of Industry and Security (BIS) publishes final rules related to electronic commodities and U.S. export control classifications.

Thank you as always for reading *Red Notice*.

ANTICORRUPTION DEVELOPMENTS

Avon and its Chinese Subsidiary Making Over Compliance Programs as Part of Deferred Prosecution Agreement

This month, Avon Products (China) Co. Ltd. ("Avon China"), a wholly-owned subsidiary of cosmetics and beauty titan Avon Products Inc. ("Avon"), pled guilty to one count of conspiracy to falsify its books and records in order to cover up millions of dollars in bribes paid to Chinese government officials. For its part, parent company Avon entered into a [DPA](#) in which it admitted fault for its role in the conspiracy to cover up the improper payments and its failure to implement an internal compliance program to prevent and detect such issues. As we reported in [May](#), Avon and Avon China agreed to pay more than \$135 million in criminal and regulatory penalties to the SEC and DOJ to settle FCPA violations involving bribery and improper accounting.

The [SEC](#) investigation of Avon China found that the company routinely offered items of value to Chinese officials in order to obtain business benefits, in particular, a lucrative license allowing the

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RELATED NEWS

Partners [Paul Butler](#), [Thomas J. McCarthy](#) and [William L. Rosoff](#) and counsel [Tatman R. Savio](#) will speak at "Internal Investigations and Outbound Investment: Conducting Business In and Out of China," hosted by Akin Gump and Haiwen & Partners, on January 27 in Beijing and January 29 in Shanghai. They will discuss issues of relevance for companies doing business in China and the United States and those companies interested or engaged in foreign direct investment in the United States.

In mid-November, Akin Gump lawyers attended the American Conference Institute's FCPA Conference, which focused on enforcement, self-reporting and compliance. To learn more about key points, see our [alert](#).

If you would like to invite Akin Gump lawyers to speak at your company or to your group about anticorruption law, compliance, enforcement and policy or other international investigation and compliance topics, please contact Mandy Warfield at mwarfield@akingump.com or +1 202.887.4464.

company to market its beauty products door-to-door. To secure these benefits, Avon China provided Chinese government officials with cash, luxury designer bags and watches, and non-business related meals, entertainment and international travel expenses. The illicit payments, topping more than \$8 million, were conferred on Chinese officials between 2004 and 2008.

Avon and Avon China admitted that they discovered the corrupt payments in 2005 but stymied an internal inquiry into the activity and closed the investigation without taking action to stop the behavior or remedy the abuses. As part of its DPA, Avon agreed to cooperate fully with the government as it continues its investigation, enforces its since-adopted internal compliance program, and works with an independent compliance monitor for no less than 18 months. The company is also paying fines, including \$52.85 million in disgorgement.

Read the SEC [complaint](#), the DOJ's [press releases](#), [Avon China information](#), [Avon Information](#) and the [plea agreement](#). Also see Avon's [press release](#) and additional news coverage at [Fortune](#).

Aircraft Repair Company to Pay \$14 Million to Resolve Illegal Payments in Latin America

On December 10th, the DOJ [announced](#) that Dallas Airmotive Inc., a Texas-based aircraft engine maintenance, repair and overhaul services provider, entered a [DPA](#) with the DOJ on charges of conspiracy and bribery of government officials in Latin and South America. The company will pay a \$14 million penalty as part of the agreement.

Pursuant to the DPA, Dallas Airmotive admitted to bribing members of the Air Force in Brazil and Peru and governors in Brazil and Argentina from 2008 to 2012. Through the bribes, the company secured and retained business contracts with the governments of these countries. The company disguised the corrupt payments as "commissions" or "consulting fees," which were wired to front companies and third persons connected to the foreign officials, or which were provided as gifts in the form of paid vacations.

According to a company spokesperson, the individuals responsible for the bribes are no longer working with the company. Additionally, new leadership has been appointed for the company's South American and Brazilian sales teams.

Learn more by reading the DOJ's [criminal information](#) and news coverage at the [Dallas Business Journal](#).

SEC Charges Massachusetts-Based Scientific Instruments Manufacturer With FCPA Violations

On December 15th, a Massachusetts-based life sciences company agreed to pay \$2.4 million to [resolve](#) foreign bribery charges by the SEC. Bruker Corporation, headquartered in Billerica, Massachusetts, was charged with violating the FCPA in connection with bribes paid by China-based employees to Chinese government officials.

Bruker first announced an investigation into potential bribery in China in August 2011, disclosing that the company had received an anonymous tip that employees of China-based subsidiary Bruker Optics had engaged in improper conduct. In March 2012, Bruker announced that the investigation, conducted by the company's audit committee and an independent audit firm, determined that employees of Bruker Optics made improper payments to employees and agents of state-owned enterprises in China. The company self-reported its investigative findings to the DOJ and the SEC. Bruker terminated employees determined to be involved with the improper payments, and also announced an expansion of its investigation to address the company's other China-based subsidiaries.

According to a cease and desist [order](#) filed by the SEC earlier this month, the agency's investigation found that employees of Bruker's China operations paid \$230,938 in bribes to Chinese government officials between 2005 and 2011. Some of the payments included compensation for Chinese government officials to tour and sight-see in the United States, the Czech Republic, Norway, Sweden, France, Germany, Switzerland and Italy. Other payments were offered in connection with 12 purported "collaboration agreements" to provide research to support Bruker's products. The SEC ultimately determined that the agreements lacked any legitimate business purpose. As a result of the improper payments, Bruker earned over \$1.5 million in profits, which were recorded in Bruker's books and records as business and marketing expenses.

The SEC found that Bruker failed to maintain adequate internal controls because the company failed to detect the improper

payments recorded in the company's accounting records. Kara Brockmeyer, chief of the SEC Enforcement Division's FCPA unit, cited the company's "lax internal controls" as the cause of the "sham 'collaboration agreements'" and payments to "send officials on sightseeing trips around the world."

In a "no admit, no deny" settlement, Bruker agreed to pay \$2.4 million to resolve the charges, including approximately \$1.7 million in disgorgement, approximately \$310,000 in prejudgment interest and a \$375,000 penalty.

Read more at [WSJ](#) and [Reuters](#).

UK Company Admits to Bribery and Corruption in Kazakhstan

On December 17th, Scottish company International Tubular Services Limited (ITS) agreed to pay a £170,000 fine (\$267,000) after [admitting](#) that it had benefited from corrupt payments made to a Kazakhstan customer to secure additional business dealings.

ITS, which supplies equipment for petroleum and natural gas extraction, discovered the corrupt payments in 2013 in connection with the company's acquisition by Houston, Texas-based Parker Drilling Company. ITS disclosed the corrupt payments to the Scottish Crown Office and Procurator Fiscal Service (COPFS) in November 2013 under a self-reporting initiative.

The £170,000 fine paid by ITS represents the total profits earned from the company's corrupt dealings in Kazakhstan. Linda Hamilton, Head of the Civil Recovery Unit of the COPFS, commented on the resolution of the ITS case, explaining that "[i]n appropriate circumstances, the self-reporting initiative allows for companies to accept their involvement in corrupt practices, put in place effective systems to prevent it from recurring, and repay the illegitimate profits." Hamilton also noted that the recouped funds "will be transferred to the Scottish government to be reinvested back into Scottish communities."

Parker Drilling Company has also grappled with bribery allegations. In 2013, the company paid nearly \$16 million to the DOJ and the SEC to resolve FCPA charges related to bribery of Nigerian officials through an agent to circumvent customs and tax law. To learn more about that settlement, see the [February 2013 Red Notice](#) coverage.

Learn more at [BBC](#) and [Herald Scotland](#).

SEC Settles FCPA Charges With Two Former Tech Firm Employees

On November 17th, two employees of Oregon-based technology firm, FLIR Systems Inc., agreed to pay a financial sanction to settle an internal SEC FCPA enforcement action. Without admitting or denying the findings, Stephen Timms and Yasser Ramahi, executives in the firm's Dubai office, agreed to settle the SEC charges related to the provision of a "world tour" and luxury watches given to Saudi government officials in exchange for multi-million dollar contracts involving the sale of thermal binoculars and security cameras to the Saudi government.

In 2008, FLIR Systems entered into a \$12.9 million agreement to provide thermal binoculars to the Saudi Arabian government. In 2009, Timms and Ramahi travelled to Saudi Arabia to discuss future business opportunities, including a potential \$17.4 million deal to provide FLIR security cameras to the Saudi Arabian government. During the visit, Timms and Ramahi provided Saudi officials involved in the negotiations with expensive luxury watches. A few months later, Timms and Ramahi arranged for several Saudi government officials to take a company-funded 20-night "world tour." According to the SEC, "[t]he officials traveled for 10 nights with stops in Casablanca, Paris, Dubai, Beirut and New York City. There was no business purpose for the stops outside of Boston, and the airfare and hotel accommodations were paid for by FLIR."

Timms and Ramahi submitted false invoices to FLIR's finance department to conceal the watch and "world-tour" expenses, and engaged the assistance of third parties to provide misinformation to the finance department regarding the true extent of the costs. Timms and Ramahi also attempted to cover the "world tour" costs by suggesting that FLIR's payment for the travel accommodations was a "billing mistake" by the company's travel agent.

The SEC found that both Timms and Ramahi violated antibribery and books and records provisions of the Securities and Exchange Act of 1934. Timms and Ramahi are both U.S. citizens living abroad. Timms, a resident of Thailand, was ordered to pay a financial penalty

of \$50,000 and Ramahi, a resident of the United Arab Emirates (UAE), agreed to pay a penalty of \$20,000.

Andrew Ceresney, director of the SEC Enforcement Division, cautioned that "[t]his case shows we will pursue employees of public companies who think it is acceptable to buy foreign officials' loyalty with lavish gifts and travel. By making illegal payments and causing them to be recorded improperly, employees expose not only their firms, but themselves, to an enforcement action."

The SEC's investigation remains ongoing. Learn more by reading the SEC [order](#) instituting a settled administrative proceeding and coverage by [Reuters](#).

SFO Gains its First Convictions Under New U.K. Bribery Law

The SFO secured its first convictions under the U.K.'s Bribery Act this month when three former executives and directors of a U.K.-based eco-investment shop were [convicted](#) in connection with a biofuel investment scam perpetrated against U.K. investors.

Three former executives and directors of Sustainable AgroEnergy (SAE) were convicted in London's Southwark Crown Court for violations of the Bribery Act and related offenses for their roles in an investment fraud scheme centered on environmentally-conscious investors. The SFO contended that the bio-energy company touted investment products linked to sustainability projects in the Cambodian jungle, promising investors returns of up to 25 percent per year. In particular, the SFO argued that the defendants solicited investments to fund Jatropha tree plantations in Cambodia, citing the trees' oil as a source of environmentally-safe soap and fuel.

At trial, the SFO argued that in fact the investment shop was operating a pyramid scheme, applying new investments to repay previous investments. In addition, the SFO alleged that Gary Lloyd West, the company's former chief commercial officer, and Stuart John Stone, one of the company's agents, misappropriated investors' funds to purchase luxury cars, including Aston Martins and Bentleys. The SFO claimed that Stone siphoned the money from SAE's accounts by bribing West to create false invoices and then concealed the funds in a network of foreign bank accounts and offshore companies. The scheme involved over 250 investors and resulted in losses of over £23 million (\$36 million).

West was sentenced to 13 years for violations of the Bribery Act, fraudulent trading and conspiracy to provide false information. Stone received a sentence of six years for violations of the Bribery Act. Both West and Stone were also disqualified from serving as corporate directors for periods of 15 years and 10 years, respectively. James Brunel Whale, the company's former chief executive officer and chairman, was also found guilty of fraud in connection with the investment scam. Although the SFO alleged that the company's accountant, Fung Fong Wong, was aware of the fraudulent scheme, the jury acquitted Wong on all charges.

David Green, the Director of the SFO, celebrated the convictions of "three individuals who preyed on investors, many of whom were duped into investing life savings and pension funds," lamenting that as a result of the sham investments, "many lost life-changing amounts of money." Several other U.K. agencies are pursuing Bribery Act charges against other former company employees.

Read the SFO's [press release](#) regarding the dispensed sentences and more information at [Reuters](#) and the [Financial Times](#).

British Printing Firm and Two Executives Convicted Under UK Bribery Act

Following its first successful individual convictions under the newly revamped U.K. Bribery Act in early December, the SFO earned its first corporate bribery conviction on December 22nd in London's Southwark Crown Court. After a three-year investigation and a nearly month-long trial, the England-based printing firm Smith and Ouzman Ltd. ("S&O Ltd.") and two of its executives were [convicted](#) of making corrupt payments to public officials in Kenya and Mauritania in order to garner business.

The SFO alleged that the defendants paid a total of over £395,000 (\$615,000) to public officials in the African nations between 2006 and 2010. After several weeks of trial, the jury convicted S&O Ltd. of three counts of corruptly agreeing to make payments. The jury also convicted Christopher John Smith, S&O Ltd.'s former chairman, and Nicholas Charles Smith, a former sales and marketing director, of two and three counts, respectively, of corruptly agreeing to make payments. Two other employees were acquitted following trial. The

convicted defendants are scheduled to be sentenced by the Southwark Crown Court on February 12, 2015.

David Green, the director of the SFO, praised the agency's results, commenting that "[s]uch criminality, whether involving companies large or small, severely damages the UK's commercial reputation and feeds corrupt governance in the developing world."

The SFO first began investigating the printing firm in 2010, and received assistance from authorities in Kenya, Ghana and Switzerland to support its prosecution. The SFO pursued the convictions under the U.K.'s Prevention of Corruption Act of 1906. The SFO has yet to convict a company under the new Bribery Act, which was enacted in 2011 to amend and enhance the Prevention of Corruption Act.

Learn more at the [FCPA Blog](#) and the [Eastbourne Herald](#).

German Defense Contractor Fined \$46 Million for Greek Armament Deal

This month, German defense contractor Rheinmetall AG announced that it has agreed to pay €37 million (\$46 million) to settle bribery allegations against one of its subsidiaries related to arms deals in Greece. The fine, imposed by German federal prosecutors in Bremen, marks the first bribery fine levied against a German arms dealer.

German prosecutors first announced the criminal investigation in April 2014, alleging that an officer of Rheinmetall Defence Electronics GmbH (RDE) made unauthorized payments to Greek officials to secure a €150 million air defense system deal. The German investigation was bolstered by an admission from a former Greek marine officer who acknowledged that he served as a middle-man to distribute bribe payments from RDE to Greek officials. The middle-man claimed that RDE paid him €20 million to facilitate the lucrative defense system deal and pressured him to provide approximately €10 million to Greek ministerial and military officials as regular bribe payments between 1998 and 2011.

Earlier this month, German officials accused the company of "failing to detect and prevent suspicious payments to sales partners due to inadequate internal controls." The underlying investigation leading to the allegations was part of a wide-ranging corruption inquiry into arms procurement in Greece. One of Rheinmetall's competitors, Atlas Elektronik GmbH, was also a target of the investigation.

RDE continues to conduct business with the Greek military and announced a new defense product deal in August. The deal, valued at €52 million (\$65 million), provides for RDE to supply the Greek military with ammunition for the country's fleet of Leopard 2 battle tanks, armed with Rheinmetall guns.

Read more at [Reuters](#) and the [Greek Reporter](#).

EXPORT CONTROL AND SANCTIONS ENFORCEMENT

CEO of Pennsylvania Engineering Firm Sentenced for Attempted Illegal Iran Export

Helmet Oertmann, the Chief Executive Officer of Pennsylvania company Hetran Inc., pled guilty earlier this year to conspiracy to illegally export to Iran a machine used to manufacture automobile and aircraft parts by falsely stating on shipping documents that the end user was a Dubai company. The U.S. District Court for the Middle District of Pennsylvania sentenced Oertmann to 12 months' probation and imposed a \$375,000 penalty on Hetran Inc., making Oertmann and the company jointly responsible for payment.

The sentence and penalty are significantly reduced from the statutory maximums of 10 years in prison and a \$1 million fine. The mitigation may be due in part to the fact that the machine was determined to have no military applicability.

For additional information, see the [order](#), the DOJ [press release](#) and coverage from [Yahoo](#).

Co-conspirator of International Arms Dealer Receives Five-Year Sentence

Earlier this month, the U.S. District Court for the Middle District of Georgia sentenced dual U.S.-Syrian citizen Richard Ammar Chichakli, an associate of convicted arms dealer Victor Bout, to five years in prison. Australian authorities extradited Chichakli to the

United States in May 2013. Chichakli was then convicted last December of, among other charges, conspiring with Bout to violate the International Emergency Economic Powers Act (IEEPA) by trying to purchase commercial airplanes from U.S. companies for a company controlled by Chichakli and Bout, in contravention of U.S. sanctions law. At the time, both Chichakli and Bout were designated on OFAC's SDN List. Chichakli attempted to conceal his identity in the transactions as well as the involvement of Bout.

Chichakli was also ordered to forfeit the \$1.7 million in illegal wire transfers he facilitated to U.S. bank accounts in connection with the attempted airplane purchase transactions.

For additional information, see the DOJ [press release](#) and coverage on the [FCPA Blog](#).

Chinese National Pleads Guilty to Trying to Smuggle Military Weapons Sensors from the United States to China

In mid-December, following an investigation by the U.S. Immigration and Customs Enforcement's Homeland Security Investigations (HSI) directorate, Wentong Cai, a Chinese national residing in the United States on a student visa, pled guilty in the U.S. District Court for the District of New Mexico to violations of the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR) arising from a scheme to illegally export defense articles to the People's Republic of China.

Cai conspired with his cousin, Bo Cai, to illegally export sensors manufactured for the U.S. Department of Defense and used for line-of-sight stabilization and precision motion control systems on weapons. Because of an arms embargo against China, the United States does not issue licenses for the export of such sensors to China. Cai will serve an 18-month prison term, after which he will be deported.

Read coverage in [Reuters](#) and see [Red Notice reporting](#) on Bo Cai's case.

EXPORT CONTROL AND SANCTIONS DEVELOPMENTS

Joint Plan of Action Agreement between the P5+1 and Iran Extended Again

In late November, the United States joined the United Kingdom, Germany, France, Russia and China (collectively, the "P5+1") in extending temporary sanctions relief to Iran once again through June 30, 2015, as provided for in the Joint Plan of Action (JPOA) between the P5+1 and Iran, pending final resolution of the parties' negotiations over Iran's nuclear program. The JPOA, first agreed to in November 2013, embodied commitments from Iran to halt progress on its nuclear program and from the P5+1 to provide limited, targeted sanctions relief to Iran for a six-month period, renewable by mutual consent. The first period of sanctions relief lasted from January 20, 2014 until July 20, 2014. The second period of relief went into effect on July 21, 2014 and was valid through November 24, 2014. This third period of sanctions relief went into effect on November 25, 2014.

JPOA relief applies to certain sanctions involving Iran's purchase and sale of gold and precious metals, the country's automotive industry and its export of petrochemical products. It also involves commitments to license transactions related to the safety of Iran's civil aviation industry, to establish financial channels to facilitate certain humanitarian and educational activities, to pause efforts to further reduce Iran's crude oil exports and to provide Iran access to \$4.2 billion in blocked funds. The relief extended to Iran does not impact the continued applicability of other U.S. sanctions programs against Iran, which remain in full force, and the United States continues to enforce its prohibition of transactions with Iranian entities on OFAC's SDN List.

The United States has the right to revoke its sanctions relief at any time if Iran fails to meet its JPOA commitments.

See OFAC's [summary](#) and joint Treasury-State Department [guidance](#), and learn more by referencing OFAC's [Frequently Asked Questions](#) and viewing additional information on OFAC's [civil aviation licensing policy](#). For a summary of the last extension, see the [August 2014 Red Notice](#) issue.

Publication of FAQs Regarding Ukraine-Related Sanctions

OFAC published additional FAQs on its Ukraine-related sanctions program. New FAQs address: (1) OFAC's interpretation of debt prohibitions under Directives 1, 2 and 3 as they relate to OFAC's Sectoral Sanctions Identifications (SSI) list and long-term projects; and (2) OFAC's interpretation of the terms "production" and "Arctic offshore projects" in the context of Directive 4's prohibition on certain activities related to Russia's energy sector.

Find the new FAQs [here](#).

President Obama Announces Relaxation of Sanctions on Cuba

Earlier this month, President Obama announced plans to initiate discussions with Cuba on the reestablishment of diplomatic relations and to relax certain sanctions restrictions on Cuba that do not require Congressional action. Planned measures include: expansion of travel and remittance policies as well as telecommunications services and other commercial sales of certain goods and services from the United States; issuance of general licenses to U.S.-controlled entities in third countries for certain activities involving Cuba and Cuban nationals; and simplification of authorized financial transactions between the United States and Cuba. While the White House has spoken of actions to normalize U.S.-Cuba relations in the coming weeks and months, established U.S. sanctions on Cuba remain in full effect.

OFAC added a Cuba-related FAQ in mid-December, stating that it will implement changes to the Cuba sanctions program in the coming weeks through amendments to the Cuban Assets Control Regulations (CACR) and that the Department of Commerce will make further changes through amendments to the Export Administration Regulations (EAR). OFAC made clear that until such amendments are issued, none of the announced sanctions policy changes will take effect.

For additional information on the policy changes, see the [White House Fact Sheet](#), OFAC's [FAQ](#) and Akin Gump's international trade [alert](#).

President Obama Signs Legislation on Venezuela Sanctions

Earlier this month, Congress passed the Venezuela Defense of Human Rights and Civil Society Act of 2014 in response to reported violence by members of Venezuela's intelligence services and state security forces and the government's use of the Venezuelan judicial system to politically persecute civilians. The legislation narrowly focuses on individuals targeted for sanctions in connection with their involvement in such abuses. President Obama signed the bill into law on December 18, 2014.

The Act directs the President to impose sanctions against any person, including any current or former official of the government of Venezuela or person acting on behalf of that government, who is determined to have: perpetrated, or is responsible for ordering or otherwise directing, significant acts of violence or serious human rights abuses in Venezuela against persons associated with the antigovernment protests in Venezuela that began on February 4, 2014; ordered or otherwise directed the arrest or prosecution of a person in Venezuela primarily because of the person's legitimate exercise of freedom of expression or assembly; or knowingly materially assisted, sponsored or provided significant financial, material or technological support for, or goods or services in support of, the commission of such acts.

For additional information, see coverage by [Reuters](#) and Akin Gump's international trade [alert](#).

The Obama Administration Designates Additional Foreign Companies and Senior Executives on its SDN List for Syria Fuel Shipments

In mid-December, OFAC designated an additional six companies and five individuals it alleged were violating U.S. Syria sanctions by providing oil and specialty fuels for the use of the Syrian military. Media and U.S. government reporting indicates that companies in Syria, the UAE, Switzerland and the Netherlands attempted to circumvent sanctions by falsifying shipping records for specialty petroleum products destined for Syria and using transshipment routes.

The affected companies include Syria-based Abdulkarim Group, Netherlands-based Staroil B.V., Switzerland-based companies Rixo International Trading Ltd. and Bluemarine SA, and UAE-based

company Maxima Middle East Trading Company. The designations also target senior executives at these companies.

For additional information, see OFAC's [announcement](#) and *New York Times* coverage [here](#).

BIS Issues Final Rules on Electronic Commodities and Certain 600 Series Items

Earlier this month, BIS issued final rules related to electronic commodities and U.S. export control classifications. The first rule expands national security controls on specified electronic commodities on BIS's Commerce Control List (CCL) as well as exports and re-exports to Hong Kong.

The second rule clarifies that several 600 Series Export Control Classification Numbers (ECCNs) do not control specified accessories, basic parts, attachments and components, which are instead controlled under a new ECCN effective December 30, 2014. This rule also clarifies how to interpret "specially designed" in the context of controls applicable to certain circuit boards, multichip modules and circuit card assemblies.

See [79 FR 76874](#) and [79 FR 76867](#) Federal Register notices for additional information.

CONTACT INFORMATION

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The "Anticorruption Developments" section of *Red Notice* is edited by [Courtney Cardin](#) and [Jennifer Hildebrand](#). The "Export Control and Sanctions Developments and Enforcement" sections are edited by [Annie Schlapprizzi](#).

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