

Locke Lord QuickStudy: OFAC Myanmar ?Sanctions Update ?

Locke Lord LLP

WRITTEN BY

[Ryan Last](#)

On October 31, 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") published [Directive 1 under Executive Order 14014](#) (the "Directive") that will, effective as of December 15, 2023, prohibit U.S. persons from exporting or reexporting, directly or indirectly, any financial services to or for the benefit of Myanmar Oil and Gas Enterprise ("MOGE"). "Financial services" for purposes of the Directive includes loans, funds transfers, accounts, insurance, investments, securities, guarantees, foreign exchange, letters of credit, and commodity futures or options to or for the benefit of MOGE.

MOGE is a Burmese state-owned enterprise that extracts, produces and distributes oil and gas in Burma, and administers large offshore oil and gas fields through lucrative joint ventures with foreign entities. MOGE funnels its revenues to the Burmese military to fund the purchase of weapons and equipment that it uses carry out atrocities against the people of Burma. The Directive is intended to restrict the Burmese military's access to U.S. dollars which it uses to procure weapons and other equipment.

MOGE is already on OFAC's [Non-SDN Menu-Based Sanctions List](#). OFAC intends that this Directive will further constrain MOGE's access to funding and degrade the Burma military regime's ability to purchase weapons. Concurrently with the directive, OFAC designated three Burmese entities and five individuals connected to Burma's military regime pursuant to [Executive Order 14014](#).

The sanctioned entities are:

- Sky Royal Hero Company Limited, a Burmese entity that does repair work for sanctioned Russian entities and operates in the defense sector of the Burmese economy, and
- Suntac Technologies Company Limited and Suntac International Trading Company Limited, each of which are part of the Suntac Group of Companies controlled by Sit Taing Aung. Sit Taing Aung leverages these entities to supply equipment and material to the Burmese military.

OFAC has issued the Directive in coordination with the governments of United Kingdom and Canada. MOGE has been sanctioned by the European Union since February 21, 2022.

Simultaneously to publishing the Directive, OFAC also issued the following two related FAQs:

- [FAQ 1138](#) provides that except as otherwise provided by law or authorized by OFAC, U.S. persons are prohibited from engaging in any transaction that evades or avoids, has the purpose of evading or avoiding,

causes a violation of, or attempts to violate any of the prohibitions of the Directive, and any conspiracy formed to violate any of the prohibitions of the Directive.

- [FAQ 1139](#) states that the prohibitions in the Directive apply to MOGE or its property or interest in property, including any entity, such as a subsidiary or joint venture, that is 50% or more owned, directly or indirectly, by MOGE, except to the extent otherwise provided by law or authorized by OFAC.

Conclusion

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

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