

Locke Lord QuickStudy: OFAC Russia Related Sanctions ?Update ?Regarding the Wagner ?Group and Iranian Drone ?Maker Paravar ?Pars: ??February 6, 2023?

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On January 26, 2023, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) re-designated PMC Wagner (“Wagner Group”), a Russian private military company, as a significant transnational criminal organization pursuant to Executive Order (“EO”) 13581 (“Blocking Property of Transnational Criminal Organizations”), as amended by EO 13863 (“Taking Additional Steps to Address the National Emergency With Respect to Significant Transnational Criminal Organizations”), for its activities in Ukraine, the Central African Republic (“CAR”), and Mali. Concurrently, OFAC re-designated the Wagner Group pursuant to EO 13667 (“Blocking Property of Certain Persons Contributing to the Conflict in the Central African Republic”) for its activities in the CAR.

The Wagner Group was previously sanctioned by OFAC on June 20, 2017, pursuant to EO 13660 (“Blocking Property of Certain Persons Contributing to the Situation in Ukraine”) for its activities in Ukraine and again on November 15, 2022, pursuant to EO 14024 (“Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation”) for operating in the defense sector of the Russian economy. Since the Wagner Group was already included on OFAC’s Specially Designated Nationals and Blocked Person’s List (“SDN List”), these recent re-designations do not change the prohibitions to transact with US Persons.

In the re-designation, OFAC designated numerous other entities and individuals for their support of the Wagner Group’s military operations and other sanctioned Russian Federation defense-related entities. Furthermore, on February 1, 2023, OFAC designated twenty-two individuals and entities pursuant to EO 14024 for engaging in activity to circumvent U.S. sanctions related to Russia and supporting Russia’s military-industrial complex.

On February 3, 2023, OFAC designated eight senior executives of Paravar Pars Company (Paravar Pars), an Iran-based firm that was sanctioned in September 2022, by OFAC and the European Union for manufacturing Shahed-series unmanned aerial vehicles (“UAVs”) and weapons for Russia that have been used against civilians in the Ukraine. OFAC also designated two Islamic Republic of Iran Navy (“IRIN”) vessels, the IRIS MAKRAN and the frigate IRIS DENA. The U.S. believes that IRIN has repurposed the IRIS MAKRAN to launch UAVs and the frigate IRIS DENA is accompanying the IRIS MAKRAN on its international terrorist missions.

As a result of the foregoing designations and re-designations, all property and interests in property of the

designated individuals and entities that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or blocked persons are prohibited unless exempt or authorized by a general or specific license issued by OFAC. These prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person and the receipt of any contribution or provision of funds, goods, or services from any such person.

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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