

# Sanctions Compliance Attention Turns to Maritime Administrations



Read bill here:  
[Countering America's Adversaries Through Sanctions Act](#)

Under the new *Countering America's Adversaries Through Sanctions Act* - which came into force on 29th January 2018 - the *U.S. State Department*, the *U.S. Coast Guard*, and the *U.S. Treasury Department* and its *Office of Foreign Assets Control* began to focus on key maritime trade facilitators including Maritime Administrations (Flag Registries).

Sanctions have increasingly had an impact on the maritime industry, however the increased threat from North Korea and other rogue states has driven agencies and regulators to focus heavily on maritime operations. This was evidenced with OFAC's Finding of Violation against the Dominica Maritime Registry, which stated that the registry had committed a violation of OFAC sanctions by accepting a contingent contract with the Islamic Republic of Iran Shipping Lines (IRISL).

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As part of our global effort, we are tracking the ships that are engaged in this trade, and you're exactly right: they frequently fly flags of convenience, and they try to hide their ownership. We are going after the flag countries, asking them to remove the protection that the flags provide. We're also going after the ownership, and we're also going after the insurers. In short, we want to make an example of these ships to make it very clear that any company that engages in this type of trade risks losing not only the cargo, but the ship itself.

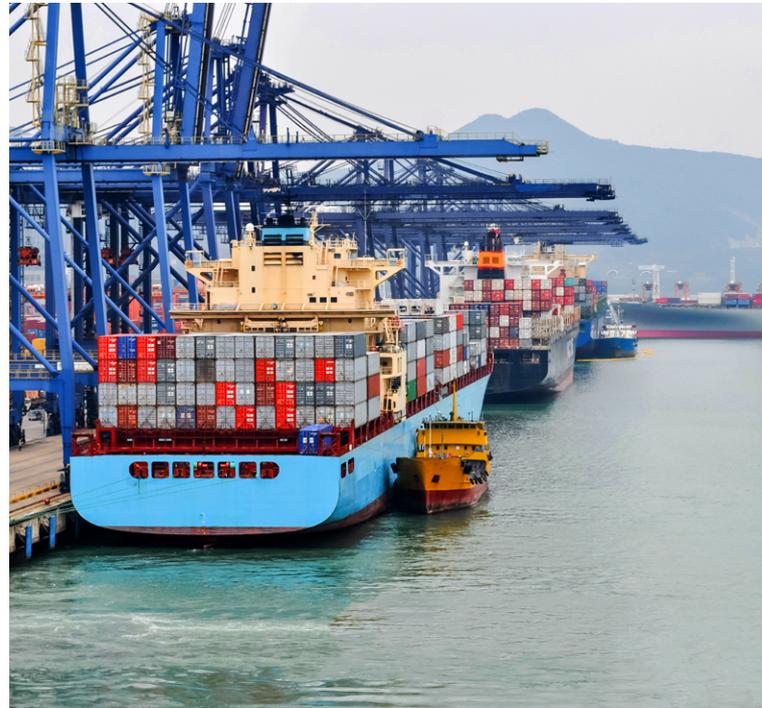
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US State Department Press Briefing  
17th January 2018

# Sanctions Regulations

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OFAC does not frequently produce industry guidance or best practices, but instead prefers to signal expectations through the use of penalties. Sometimes these findings do not grant monetary penalties, but are public admonishments that highlight a very clear expectation from the regulator on which actions are prohibited, and which are considered unacceptable. The combination of the Dominica Finding of Violation and its advisory against North Korean shipping shows OFAC's determination to combat the proliferation of weapons of mass destruction, by improving maritime security through any means necessary. To comply with sanctions regulations, a maritime registry should not:



- Flag a vessel that is ultimately owned, 50% or greater, by a person subject to US and EU sanctions (i.e. on the Specially Designated Nationals list);
- Re-flag any “at-risk” vessel that has been de-registered by another Flag administration;
- Flag a vessel that is owned by a person located in a comprehensively sanctioned country or acts as an agent of the government of a comprehensively sanctioned country, which to date include: Iran, Syria, North Korea, Cuba or the Crimea Region of Ukraine;
- Provide goods or services to any of the persons described above, which may include persons that operate or provide ISM services to a vessel; and
- Provide goods or services that the registry has reason to know may constitute an exportation or importation of goods or services to a comprehensively sanctioned country, an example of which may be if the registry authorises or facilitates the actions of a shipping agency located in a sanctioned country on behalf of their vessel.

# Sanctions Screening

Pole Star's sanctions screening solution - **PurpleTRAC** - was developed alongside key stakeholders in the international banking and trading industry to provide a single comprehensive solution for institutions that have sanctions exposures to vessels in the maritime sector. In the same way this system assists and protects our banking & trade finance customers (who come under the closest scrutiny from regulators) it can also protect flag administrations who could be held liable for noncompliance. The Panama Flag Administration uses **PurpleTRAC**, and as early adopters, have ensured that the solution continues to be as valuable to flags as it is to banks and trade financiers.



**PurpleTRAC** is the only solution that streamlines, automates, and records complex compliance processes in a single online platform, giving users the ability to screen and monitor key compliance issues and generate incorruptible reports for audit purposes, demonstrating best efforts to comply with international trade sanctions. It has been recognised by United Nations advisories for defining best

practice on these processes - and has been awarded for innovation in maritime regulatory technologies by the Monetary Authority in Singapore, Citibank, Microsoft, C5 & the American Institute of Peace.

Pole Star's **PurpleTRAC** is the only solution which will assist Flag Administrations and Governments with the task of vetting and authorisation for the provision of services to their global fleet. Failing to fully investigate a vessel places your administration at risk. Avoid the risk - Contact Pole Star today and request a [free trial of PurpleTRAC](#).



# Contact

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## Head Office:

The Yellow Building  
1 Nicholas Rd  
London  
W11 4AN

## Sales:

+44 20 7313 7402  
sales@polestarglobal.com

## Support:

+44 20 7313 7403  
support@polestarglobal.com

## International Offices:

### London

+44 20 7313 7400

### Singapore

+65 6818 6234

### Australia

+61 2 4254 1055

### Panama

+507 301 5748

### Hong Kong

+852 2520 0951

