

New Sanctions Impact Shipping Transactions Worldwide



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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

The *U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC)*, with the *U.S. Department of State* and the *U.S. Coast Guard*, has issued an advisory to alert persons globally to deceptive shipping practices used by rogue states to evade sanctions.

The United States and its international partners have demonstrated resolve to pursue those violating sanctions in the shipping industry through the adoption of UN port entry bans, the detention of vessels complicit in sanctions evasion, and through national-level sanctions designations. Insurers, flag registries, shipping companies, financial institutions, and others involved in shipping-related transactions may be subject to one or more sanctions prohibitions.

Deceptive Shipping Practices

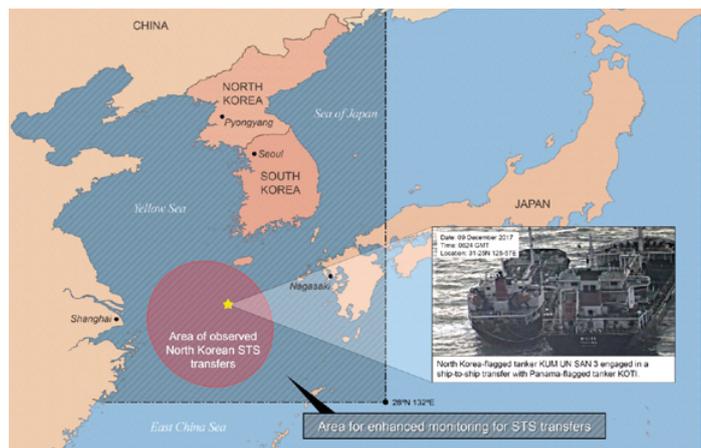
As the global regulatory community increases its focus on the maritime sectors, the following provides examples of the types of tactics used to hide the identity of the vessels, the goods being shipped, and the origin or destination of cargo.

Physically Altering Vessel Identification:

Maritime vessels meeting certain tonnage thresholds are required to display their name and International Maritime Organization (IMO) number (a unique, seven-digit identifying vessel identification code) in a visible location either on the ship's hull or superstructure. A vessel's IMO number is intended to be permanent and should remain consistent regardless of a change in a vessel's ownership or name.

Ship-to-Ship (STS) Transfers:

STS transfers are a method of transferring cargo from one ship to another while at sea rather than while located in port. STS transfers can conceal the origin or destination of cargo.



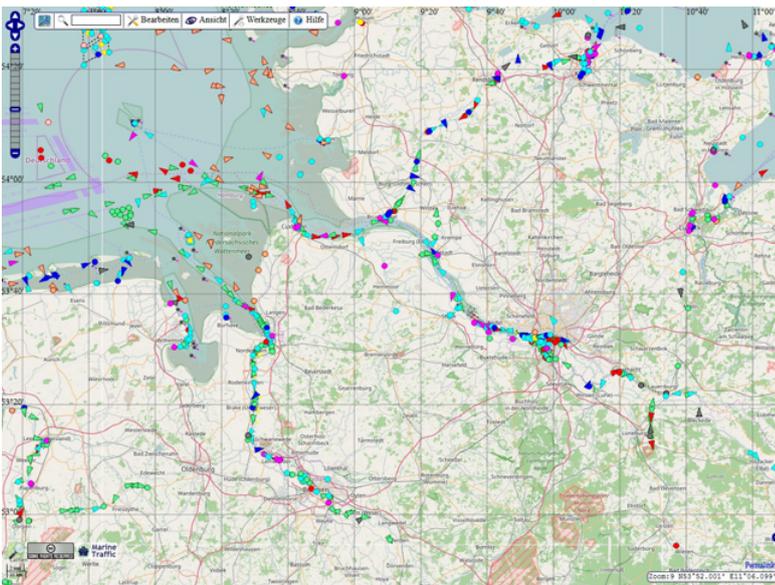
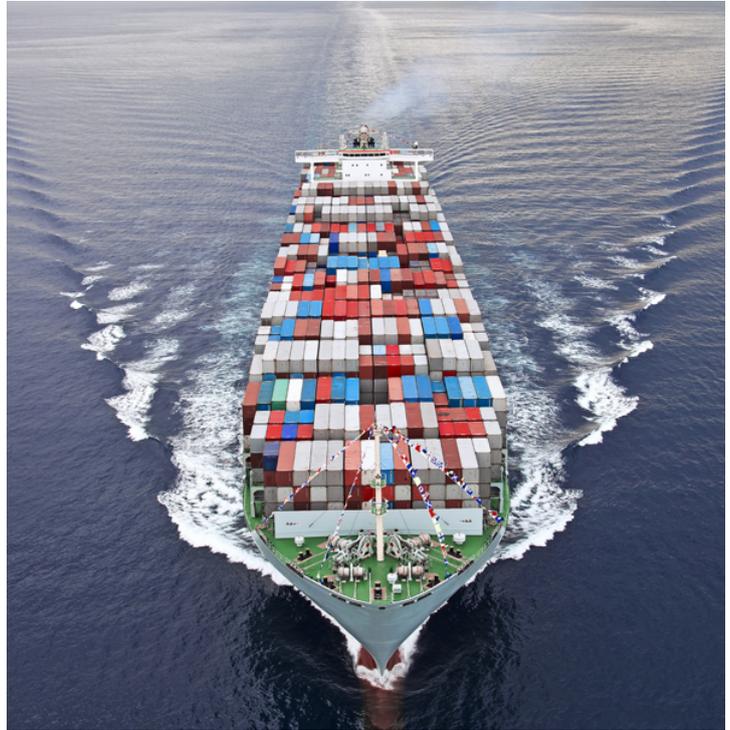
Falsifying Cargo and Vessel Documents:

Complete and accurate shipping documentation is critical to ensuring all parties to a transaction understand the parties, goods, and vessels involved in a given shipment. Bills of lading, certificates of origin, invoices, packing lists, proof of insurance, and lists of last ports of call are examples of documentation that typically accompany a shipping transaction.

Continued.

Disabling Automatic Identification System (AIS):

AIS is a collision avoidance system, which transmits, at a minimum, a vessel's identification and select navigational and positional data via very high frequency (VHF) radio waves. While AIS was not specifically designed for vessel tracking, it is often used for this purpose via terrestrial and satellite receivers feeding this information to commercial ship tracking services. Ships meeting certain tonnage thresholds and engaged in international voyages are required to carry and operate AIS.



Manipulating AIS:

Merchant vessels have also been known to manipulate the data being transmitted via AIS. Such manipulation could include altering vessel names, IMO numbers, Maritime Mobile Service Identities (MMSIs), or other unique identifying information. This tactic could also be used to conceal a vessel's next port of call or other information regarding its voyage.

How PurpleTRAC technologies can help you

Deceptive practices are intended to circumvent existing sanctions regulation in shipping-related transactions. The risk of engaging in prohibited activity or processing prohibited transactions can be mitigated by implementing the following types of measures:



Monitor for AIS Manipulation:

Ship registries, insurers, charterers, vessel owners, or port state control entities should consider investigating vessels that appear to have turned off their AIS while operating in the area surrounding the Korean peninsula. Any other signs of manipulating AIS transponders should be considered red flags for potential illicit activity and should be investigated fully prior to continuing to provide services to, processing transactions involving, or engaging in other activities with such vessels.

The Solution: PurpleTRAC's unique hybrid tracking solution incorporates both terrestrial and satellite AIS data, which is then supplemented with secure Inmarsat position data - the technology used by governments and flag administrations for vessel tracking.

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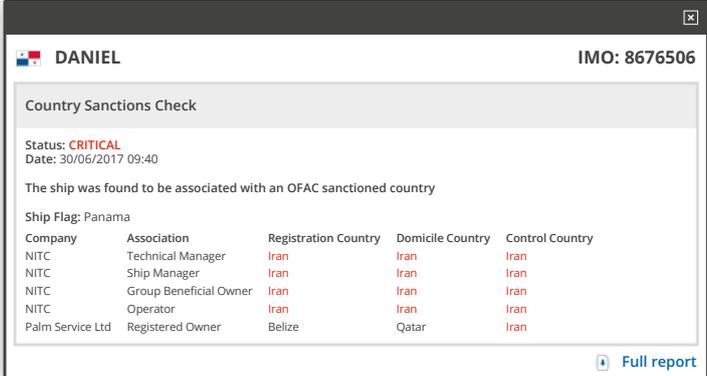
Conduct Research Prior to Ship-to-Ship (STS) Transfers:

Vessels conducting STS transfers in the area surrounding the Korean peninsula should be aware of the potential for sanctioned vessels to use deceptive practices to hide their identities, including by using false vessel names or IMO numbers. Vessel operators should ensure that they have verified the vessel name, IMO number, and flag prior to engaging in such a transfer, and ensure there is a legitimate business purpose for the STS transfer.

The Solution: The PurpleTRAC system screens vessels using their IMO number, which negates the requirement to look at previous names, as well as ensuring 100% accurate vessel screening results.

Clear Communication with International Partners:

Not all parties to a shipping transaction may be subject to the same sanctions regimes, so clear communication is a critical step for international transactions. Clearly communicating U.S. and UN sanctions obligations and discussing sanctions compliance obligations with parties to a transaction can ensure more effective compliance with relevant sanctions programs.



DANIEL IMO: 8676506

Country Sanctions Check

Status: **CRITICAL**
Date: 30/06/2017 09:40

The ship was found to be associated with an OFAC sanctioned country

Ship Flag: Panama

Company	Association	Registration Country	Domicile Country	Control Country
NITC	Technical Manager	Iran	Iran	Iran
NITC	Ship Manager	Iran	Iran	Iran
NITC	Group Beneficial Owner	Iran	Iran	Iran
NITC	Operator	Iran	Iran	Iran
Palm Service Ltd	Registered Owner	Belize	Qatar	Iran

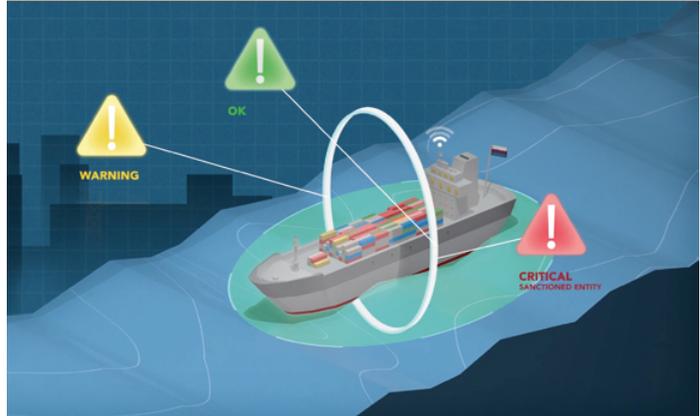
[Full report](#)

The Solution: PurpleTRAC is configurable to bespoke requirements in terms of watch lists, countries of risk, and the degree of alerts that are generated. The system can be engineered to any set of defined risk parameters.

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Leverage Available Resources:

There are several organizations that provide commercial shipping data, such as ship location, ship registry information, and ship flagging information. This data should be incorporated into due diligence practices, along with available information from OFAC, the UN, and the Coast Guard.



The Solution:

PurpleTRAC incorporates data from the IHS matrix; the International Maritime Organisation's approved data providers to the maritime industry.

Summary

Pole Star's multi-award winning PurpleTRAC RegTech system has been designed and built in conjunction with institutions that have regulatory and sanctions exposures in maritime transportation & supply chains. Our online platform allows our clients to screen and monitor vessels used for sea trade, automating complex compliance process and generating an auditable record of their demonstrations to comply with international trade sanctions.

We've even been recognised by United Nations advisories for defining best practice on these processes - and have been awarded for innovation in maritime regulatory technologies by the Monetary Authority in Singapore, Microsoft, Citibank, C5 & the American Institute of Peace.

PurpleTRAC™

Status: CRITICAL ⚠️

- Company Global Sanction List check ⚠️
- Country Sanctions check ⚠️
- Port State Control history check ⚠️
- Ship Global Sanction List check ⚠️
- Ship movement history check ⚠️

Status: OK ✓

- Company Global Sanction List check ✓
- Country Sanctions check ✓
- Port State Control history check ✓
- Ship Global Sanction List check ✓
- Ship movement history check ✓

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