

Fact Sheet: New Sanctions on Iran November 21, 2011

Today, the United States is taking a series of actions to confront the threat posed by Iran and significantly increase pressure on Iran to comply with the full range of its international obligations and to address the international community's longstanding concerns regarding its nuclear program. These steps include: expanding sanctions to target the supply of goods, services, technology, or support (above certain monetary thresholds) to Iran for the development of its petroleum resources and maintenance or expansion of its petrochemical industry; designating eleven individuals and entities under Executive Order 13382 for their role in Iran's WMD program; and identifying the Islamic Republic of Iran as a jurisdiction of "primary money laundering concern" under section 311 of the USA PATRIOT Act.

These actions underscore the Administration's continued strong commitment – particularly in light of the IAEA Director General's most recent report – to hold the Iranian regime accountable for its refusal to comply with its international obligations regarding its nuclear program. The Administration is also sending an unequivocal message to the Government of Iran today that it will continue to face increasing international pressure until it addresses the international community's legitimate concerns regarding the nature of Iran's nuclear program.

New Sanctions under Executive Order (E.O.) 13590:

On November 19, President Obama signed E.O. 13590, which significantly expands existing energy-related sanctions on Iran to authorize sanctions on persons that knowingly provide:

1. Goods, Services, Technology, or Support for the Development of Petroleum Resources:

- The sale, lease, or provision of goods, services, technology, or support to Iran that could directly and significantly contribute to the enhancement of Iran's ability to develop petroleum resources located in Iran could trigger sanctions if a single transaction has a fair market

value of \$1 million or more, or if a series of transactions from the same entity have a fair market value of \$5 million or more in a 12-month period.

2. Goods, Services, Technology, or Support for the Maintenance or Expansion of the Petrochemical Sector:

- The sale, lease, or provision of goods, services, technology, or support to Iran that could directly and significantly facilitate the maintenance or expansion of its domestic production of petrochemical products could trigger sanctions if a single transaction has a fair market value of \$250,000 or more, or if a series of transactions from the same entity have a fair market value of \$1 million or more in a 12-month period.

The Executive Order would not cover the purchase of petroleum resources or petrochemical products from Iran, or the shipping of those products from Iran, absent other sanctionable conduct.

The completion of existing contracts is not sanctionable under E.O. 13590. However, any contracts that are expanded, renewed, or amended after E.O. 13590's effective date could trigger sanctions.

If a person is found to have provided a good, service, technology, or support described in E.O. 13590, the Secretary of State, in consultation with other agencies, has the authority to impose sanctions, including prohibitions on: foreign exchange transactions; banking transactions; property transactions in the United States; U.S. Export-Import Bank financing; U.S. export licenses; imports into the United States; loans of more than \$10 million from U.S. financial institutions; U.S. government procurement contracts; and, for financial institutions, designation as a primary dealer or repository of U.S. government funds.

Designation of Entities under E.O. 13382:

The U.S. Department of State has designated the Nuclear Reactors Fuel Company, Noor Afzar Gostar Company, Fulmen Group, and Yasa Part under E.O. 13382 for their role in Iran's nuclear procurement networks. They support a variety of Iran's

proscribed nuclear procurement activities, including centrifuge development, heavy water research reactor activities, and uranium enrichment.

The U.S. Department of the Treasury also has designated Javad Rahiqi, Modern Industries Technique Company (MITEC), Neka Novin, Parto Sanat, Paya Partov, Simatic, and the Iran Centrifuge Technology Company (TESA) under E.O. 13382. These entities are linked to the Atomic Energy Organization of Iran (AEOI), which is a key actor in Iran's nuclear program as the main Iranian organization for research and development activities in the field of nuclear technology, including Iran's centrifuge enrichment program and experimental laser enrichment of uranium program. The AEOI was listed in the Annex to E.O. 13382 and has been sanctioned by the United Nations in Security Council resolution 1737.

E.O. 13382 blocks the assets under U.S. jurisdiction of the designated persons and prohibits U.S. persons from engaging in transactions involving them.

Identification of the Islamic Republic of Iran as a Jurisdiction of “Primary Money Laundering Concern” Under Section 311 of the USA PATRIOT Act:

The U.S. Department of the Treasury identified the Islamic Republic of Iran as a jurisdiction of primary money laundering concern under Section 311 of the USA PATRIOT Act (Section 311) based on Iran's support for terrorism; pursuit of weapons of mass destruction (WMD); reliance on state-owned or controlled agencies to facilitate WMD proliferation; and the illicit and deceptive financial activities that Iranian financial institutions – including the Central Bank of Iran – and other state-controlled entities engage in to facilitate Iran's illicit conduct and evade sanctions.

In issuing today's Finding, Treasury has for the first time identified the entire Iranian financial sector; including Iran's Central Bank, private Iranian banks, and branches, and subsidiaries of Iranian banks operating outside of Iran as posing illicit finance risks for the global financial system.

The Finding also creates a clear public record of the scope and depth of Iran's illicit conduct, detailing the involvement of Iranian government agencies and

banking institutions in WMD proliferation, support for terrorism, and other illicit conduct. In particular, the Finding includes new information about the Central Bank of Iran's role in facilitating Iran's illicit conduct and Iran's efforts to evade international sanctions.

Today's action reinforces U.S. and international sanctions already in place against Iran and provides greater certainty that the U.S. financial system is protected from Iranian illicit activity.

Treasury's Financial Crimes Enforcement Network (FinCEN) also today filed a Notice of Proposed Rule Making (NPRM), in which it proposes imposing a special measure against Iran. While current U.S. regulations already generally prohibit U.S. financial institutions from engaging in both direct and indirect transactions with Iranian financial institutions, this action would require U.S. financial institutions to implement additional due diligence measures in order to prevent any improper indirect access by Iranian banking institutions to U.S. correspondent accounts.

To view the complete 311 Finding, please visit link: www.treasury.gov/press-center/press-releases/Documents/Iran311Finding.pdf

To view the NPRM, please visit link: www.treasury.gov/press-center/press-releases/Documents/Iran311RulemakingProposalSpecialMeasure.pdf