

# UN SECURITY COUNCIL RESOLUTIONS RELATING TO PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

Policy & Resources Committee of the States  
of Guernsey, 12 December 2016

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**Figure 2:** Former Iranian president Mahmoud Ahmadinejad examines an advanced gas centrifuge test stand at the Natanz pilot fuel enrichment plant during a 2008 visit. An MKS pressure transducer can be seen. Source: Website archive of the president of Iran, [www.President.ir](http://www.President.ir)

Chinese Citizen's Involvement in the Supply of MKS Pressure Transducers to Iran: Preventing a Reoccurrence, By Ian J. Stewart, Andrea Stricker, and David Albright (ISIS and the Alpha Project, 30 April 2014)

# Agenda

- United Nations Security Council
- UNSC Sanctions resolutions
- Implementation by national authorities
- Financial sanctions and the role of FATF
- DPRK and Iran
- Mitigating Risk
- Law Enforcement use of Financial Intelligence
- King's College London Study on Typologies of Financing of Proliferation

# UN Security Council

- 15 Members
- Can impose sanctions or authorize use of force to maintain or restore international peace and security
- Objectives determined by monthly President
- Current President: Spain
  - Non-Proliferation and Disarmament
  - Protection of civilians in zones of conflict
  - Terrorism
  - Syria
  - Libya
- References
  - [un.org](http://un.org)
  - [securitycouncilreport.org](http://securitycouncilreport.org)

# Security Council Sanctions Resolutions Management

- UN Charter Chapter VII Article 41
  - Obligatory on all Member States
- Currently 14 different sanctions regimes
  - DPRK
  - (Iran)
- Principles of Targeted Sanctions
  - Arms embargoes
  - Travel bans
  - Asset freezes
  - WMD-related goods and materials
- Role of Sanctions Committees and Experts

# Security Council Sanctions Resolutions Implementation

- Designations
  - UN lists (PDF, XML, HTML)
  - And may extend to: “owned or controlled by...”, “acting on behalf or at the direction of...”
- Exemptions
  - Role of Committee
  - Arms embargoes
  - Travel bans
  - Asset freezes
- Appeals
  - Secretariat Point of contact
  - Ombudsperson

# Security Council Sanctions Resolutions Implementation

- Security Council
  - Decides, requires...
  - Calls upon, urges, encourages...
  - Emphasizes, re-emphasizes, underscores...
- Also, action if States
  - Determine that...
  - Possess information that provides reasonable grounds to believe that...
- How authorities implement sanctions provisions
  - Implementation notices published on Committee websites



# US, EU and other unilateral sanctions regimes

- May toughen or expand UN measures
- Some sources of information:
  - <https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>
  - [http://ec.europa.eu/dgs/fpi/what-we-do/sanctions\\_en.htm](http://ec.europa.eu/dgs/fpi/what-we-do/sanctions_en.htm)
  - <https://europeansanctions.com/eu-guidelines/>

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**[Financial Sanctions](#)**

[Specially Designated Nationals List \(SDN List\)](#)

[Consolidated Sanctions List](#)

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## Office of Foreign Assets Control - Sanctions Programs and Information

The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.



### OFAC Sanctions Lists

OFAC publishes lists of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific.

- [Specially Designated Nationals List](#)
- [Consolidated Sanctions List](#)
- [Additional OFAC Sanctions Lists](#)



### News and Frequently Updated Content

OFAC updates its website on a regular basis. Information on the latest changes to OFAC's site can be found below.

- [OFAC Recent Actions](#)
- [Press Center](#)



### Search OFAC's Sanctions Lists

OFAC provides a free, online application to enable users to simultaneously search all of its sanctions lists.

[SEARCH OFAC'S SANCTIONS LISTS](#)



- [Information About OFAC's Sanctions List Search Tools](#)



### Apply for an OFAC License

A license is an authorization from OFAC to engage in a transaction that otherwise would be prohibited (e.g. release of blocked funds).

[START AN ONLINE APPLICATION](#)



- [Additional Information About OFAC Licenses](#)

# SERVICE FOR FOREIGN POLICY INSTRUMENTS (FPI)

> Service for Foreign Policy Instruments > What-we-do

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WHAT WE DO

FPI SHOWCASES

KEY DOCUMENTS

ANNOUNCEMENTS

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## Sanctions

It is the policy of the European Union to intervene when necessary to prevent conflict or respond to emerging or actual crises. In certain cases, EU intervention can take the form of restrictive measures or 'sanctions'.



Foreign Affairs Council discussing sanctions against Syria, on 27/05/2013. Photo Credit "The Council of the European Union", 2013.



## Facts & figures

[EU sanctions in force](#)

[Consolidated list of persons, groups and entities subject to EU financial sanctions](#)

## Relationships & links

[More on Sanctions](#)

FPI transposes into EU law sanctions decisions prepared by the European External Action Service and agreed by the Council of the European Union. Such decisions support specific EU [Common Foreign and Security Policy](#) (CFSP) objectives or UN Security Council Resolutions.

The EU's overarching objectives include:

# Security Council Financial Sanctions

## Role of FATF

- Recommendation 7 (2012)
- Guidance on implementation of UN financial sanctions on WMD programmes (June 2013)
- Country Mutual Evaluation Reviews (26 to date)
- Recent Security Council resolutions on DPRK and Iran require re-examination of Rec 7 and Guidance.

# DPRK

- Six Security Council Sanctions resolutions: 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016)
- <https://www.un.org/sc/suborg/en/sanctions/1718>
- Include four categories of UN financial sanctions
  - Targeted financial sanctions
  - Activity-based sanctions
  - Vigilance Measures
  - Other financial measures

# DPRK

## Targeted financial sanctions

- Require freezing of funds, other financial assets and economic resources of designated individuals and entities (currently 39 individuals and 42 entities)
  - Lists on UN website
  - In accordance with States' existing legal processes
  - Immediately
  - Funds, other financial assets and economic resources
- Also, funds owned or controlled by entities of Government of DPRK or the Workers' Party of Korea, or individuals or entities acting on their behalf or at their direction
  - If the State determines they are associated with DPRK's prohibited activities

# DPRK

## Targeted financial sanctions

- Exemptions may apply (subject to Sanctions Committee notification or authorisation)
  - Basic expenses
  - Extraordinary expenses
  - Lien or judicial judgement
  - DPRK Diplomatic Missions
  - 1718 Committee decision





# UNITED NATIONS SECURITY COUNCIL SUBSIDIARY ORGANS

[SANCTIONS ▾](#)[OTHER SUBSIDIARY ORGANS ▾](#)[PEACEKEEPING/ POLITICAL MISSIONS ▾](#)[INTERNATIONAL TRIBUNALS ▾](#)[ADVISORY BODY ▾](#)

## SECURITY COUNCIL COMMITTEE ESTABLISHED PURSUANT TO RESOLUTION 1718 (2006)

[Home](#) ▸ [1718 Sanctions Committee \(DPRK\)](#)

- [Sanctions List Materials](#)
- [Resolutions](#)
- [Committee Guidelines](#)
- [Exemptions to the Measures](#)
- [Press Releases](#)
- [Panel of Experts](#)
- [Selected Documents](#)
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- [Implementation Assistance Notices](#)

- [Sanction measures](#)
- [Work and mandate of the Committee](#)
- [Background information](#)
- [Further information on measures](#)
- [Summary of listing criteria](#)

The Security Council Committee pursuant to [resolution 1718 \(2006\)](#) (hereafter "the Committee") oversees the sanctions measures imposed by the Security Council.

### Sanction measures

Measure	Description	Exemptions to the measure
Arms and related materiel embargo	All Member States are required to prevent the direct or indirect supply, sale, or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their	Set out in paragraph 8 (a) and (b) of resolution 2270 (2016).



# Iran

## JCPOA and resolution 2231 (2015)

- Previous UN sanctions on Iran in place since 2006
  - Included four categories of financial sanctions
- Resolution 2231 (2015)
  - UN sanctions terminated on 16 January 2016
  - Replaced by certain “specific restrictions” for up to ten years
  - Procurement by Iran that was previously prohibited is now authorised, subject to Security Council approval

# Iran

## JCPOA and resolution 2231 (2015)

- Targeted financial measures only (currently 23 individuals and 61 entities)
- In force until Oct 2023 (or IAEA “Broader Conclusion” regarding Iran’s nuclear activities)
- Exemptions may apply (subject to Security Council notification or authorisation)
  - Basic expenses
  - Extraordinary expenses
  - Lien or judicial judgement
  - Implementation of JCPOA
  - Authorised nuclear cooperation projects
  - Pre-existing contracts
- Guidance at <http://www.un.org/en/sc/2231/>

- Background
- Resolution 2231 (2015)
- Note by the President of the Security Council
- Reports and Briefings by the Facilitator
- Press Releases
- Specific Restrictions
  - Nuclear-related transfers and activities (procurement channel)
  - Ballistic missile-related transfers and activities
  - Arms-related transfers
  - Assets freeze
  - Travel ban
- Exemptions
  - **Assets freeze exemptions**
    - Travel ban exemptions
    - Travel exemptions in effect
- 2231 List
- Other Required Actions
- Reports of the Secretary-General
- IAEA reports

## Resolution 2231 (2015)

### Assets freeze exemptions

#### What type of exemptions to the assets freeze can be requested?

Per paragraph 6 (d) of Annex B of [resolution 2231 \(2015\)](#), the assets freeze restrictions shall not apply to funds, other financial assets or economic resources that have been determined by relevant States:

- to be necessary for basic expenses, including payment for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services, or fees or service charges, in accordance with national laws, for routine holding or maintenance of frozen funds, other financial assets and economic resources, after notification by the relevant States to the Security Council of the intention to authorize access to such funds, other financial assets or economic resources and in the absence of a negative decision by the Council within five working days of such notification;
- to be necessary for extraordinary expenses, provided that such determination has been notified to and approved by the Security Council;
- to be necessary for the civil nuclear cooperation projects described in Annex III of the JCPOA, provided that such determination has been notified to and approved by the Security Council;
- to be the subject of a judicial, administrative or arbitral lien or judgment, provided that the lien or judgment was entered into prior to the date of adoption of Security Council [resolution 1737 \(2006\)](#), is not for the benefit of a [designated individual or entity](#), and has been notified to the Security Council; or,
- to be necessary for activities directly related to the items specified in paragraph 2 of Annex B of resolution 2231 (2015), or to any other activity required for the implementation of the JCPOA, provided that such determination has been notified to and approved by the Security Council.

In addition, the assets freeze restrictions shall not prevent a [designated individual or entity](#) from making payment due under a contract entered into prior to the listing of such individual or entity, provided that:

- the relevant States have determined that the contract is not related to any of the prohibited items,

# Towards mitigating risk of financial transactions connected with proliferation or that circumvent sanctions

- Good communication between authorities and foreign partners
- Good coordination amongst domestic authorities (see also FATF Rec 2)
- Good communication between domestic authorities and banks and DNFBPs
- Good communication by authorities with 1718 Committee and DPRK Panel of Experts, and with UN Secretariat 2231 Team

# Relevance of financial intelligence to law enforcement investigations



## **FININT-related items used by Jafari Network**

- Requests for Quote
- Purchase Orders
- Wire Transfers
- Freight Forwarding Contracts
- End-user Statements
- Invoices

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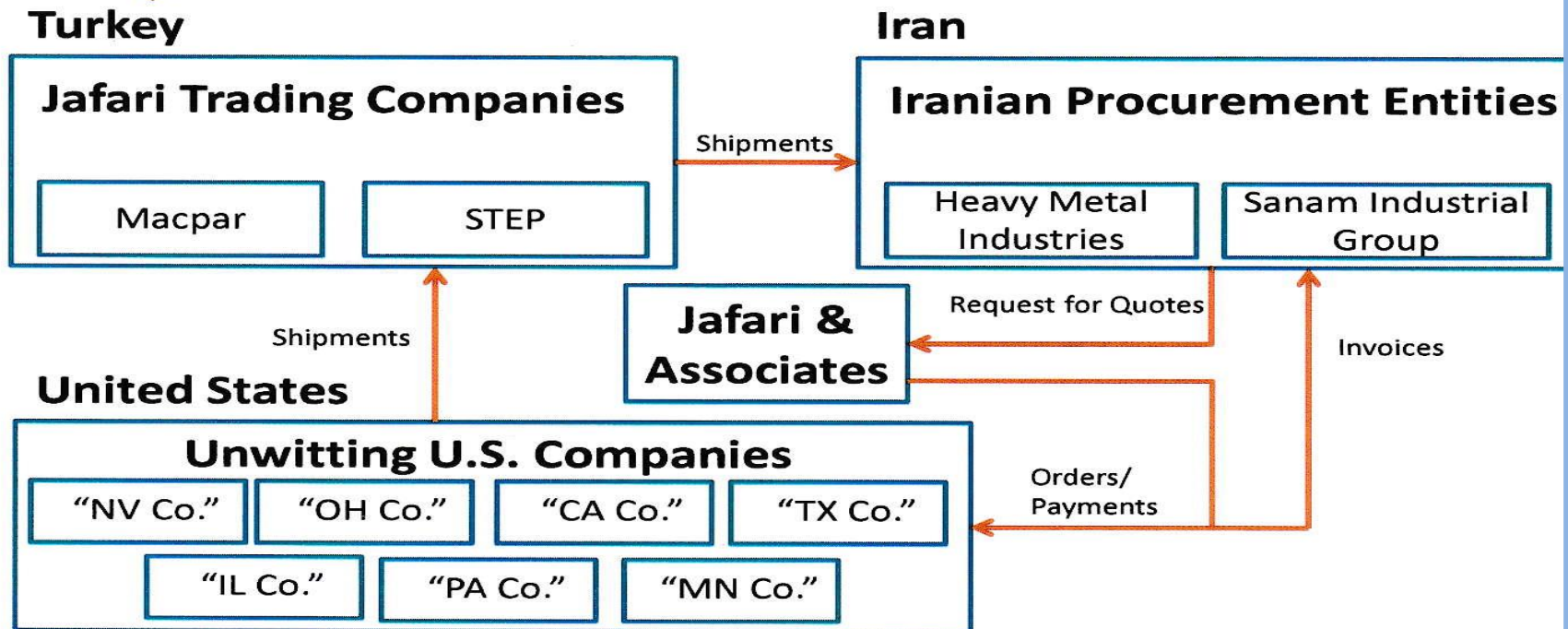
10

Source: Federal Bureau of Investigation Weapons of Mass Destruction Directorate

# Proliferation Finance - Following the money



## FININT Highlights of Jafari Procurement Network



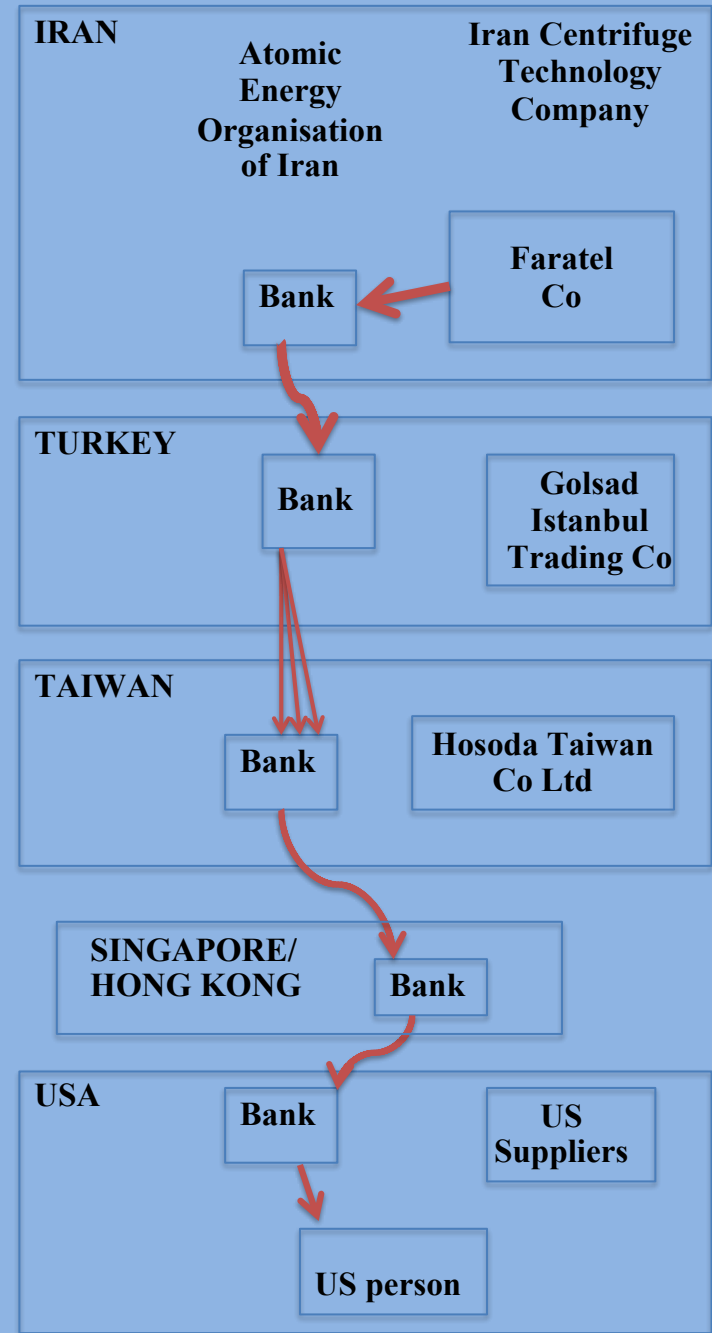
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Source: Federal Bureau of Investigation Weapons of Mass Destruction Directorate

Diagram adapted from material in  
US District Court, Southern  
District of Texas, Houston District,  
Indictment 15CR205  
16 April 2015

→ Financial flows



# King's College Study of Typologies of Financing of Proliferation (FoP)

- FoP poorly understood by banks and regulators
  - Few regulators require STRs relating to FoP
  - Banks' due diligence procedures may not be tuned to detect FoP
- The Study is collating and analysing data in order to publish updated reports on typologies
- To support Study please contact me at [Jonathan.Brewer@kcl.ac.uk](mailto:Jonathan.Brewer@kcl.ac.uk)
- See also <https://projectalpha.eu/study-of-the-typologies-of-the-financing-of-proliferation-stfop/>



Thank you

Questions?