



Client Alert

U.S. Establishes New Syria-Related Sanctions Program and Designates Turkish Government Officials and Departments After Turkish Invasion of Syria

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On October 14, 2019, U.S. President Donald J. Trump signed an executive order (the “**Executive Order**”) directing the imposition of economic and financial sanctions on certain individuals and entities in response to the Turkish government’s military invasion of northeast Syria.

The Executive Order calls for the designation as a sanctioned person of any individual or entity determined by the U.S. Secretary of the Treasury (the “**Treasury Secretary**”), in consultation with the U.S. Secretary of State (the “**Secretary of State**”): (i) to be a current or former official, or subdivision, agency or instrumentality, of the Government of Turkey; (ii) to be responsible for or involved in actions or attempts to threaten the peace, security, stability or territorial integrity of Syria or to commit serious human rights abuses; (iii) to operate in certain sectors of the Turkish economy to be identified by the Treasury Secretary, in consultation with the Secretary of State; or (iv) to have materially assisted, sponsored or provided financial, material or technological support for, or goods or services to or in support of, any person designated pursuant to the Executive Order.

The Executive Order provides for the blocking of the property and interests in property of any such sanctioned person to the extent that such property and interests in property, as applicable, are or come within the United States or the possession or control of a U.S. person, and specifies that U.S. persons are generally prohibited from engaging in dealings with or involving such sanctioned persons or their property or interests in property, subject to limited exceptions. The Executive Order also authorizes the Treasury Secretary, in consultation with the Secretary of State, to prohibit or restrict the opening or maintaining in the United States of a correspondent account or payable-through account by any foreign financial institution that is found to have knowingly conducted or facilitated a significant transaction for or on behalf of any such sanctioned person.

In addition, the Executive Order establishes a secondary sanctions authority whereby the Secretary of State, in consultation with the Treasury Secretary, may impose upon certain foreign persons one or more specified sanctions drawn from a menu of available penalties, as set forth in the Executive Order. Foreign persons that may be targeted with such sanctions include any foreign person found to be: (i)

responsible for or involved in actions or attempts to obstruct the ceasefire in northern Syria, prevent the return of displaced persons, forcibly repatriate persons to Syria or disrupt efforts to find a political solution to the Syrian conflict; or (ii) responsible for or involved in actions or attempts to expropriate property, including real property, for personal gain or political purposes in Syria. The associated menu of secondary sanctions includes a variety of penalties, such as the prohibition of foreign exchange or banking transactions that are subject to U.S. jurisdiction and the general blocking of property and interests in property that are or come within the United States or U.S. person possession or control.

Concurrent with the Executive Order, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") announced the designation of the following individuals and entities as sanctioned persons, resulting in the blocking of their property and interests in property that are or come within the United States or U.S. person possession or control, and generally prohibiting U.S. persons from engaging in dealings with or involving such sanctioned persons or their property or interests in property:

- Republic of Turkey Ministry of National Defence
- Republic of Turkey Ministry of Energy and Natural Resources
- Hulusi Akar, the Minister of National Defence of the Republic of Turkey
- Suleyman Soyulu, the Minister of Interior of the Republic of Turkey
- Fatih Donmez, the Minister of Energy and Natural Resources of the Republic of Turkey

OFAC also issued three General Licenses authorizing certain transactions and activities involving individuals and entities designated as sanctioned persons pursuant to the Executive Order. A summary of these General Licenses is set forth below.

- **General License 1** (*Official Business of the United States Government*): Authorizes all transactions and activities prohibited by the Executive Order that are for the conduct of the official business of the U.S. Government.
- **General License 2** (*Authorizing Certain Activities Necessary to the Wind Down of Operations or Existing Contracts Involving the Ministry of National Defence or the Ministry of Energy and Natural Resources of the Government of Turkey*): Authorizes, through November 12, 2019, all transactions and activities ordinarily incident and necessary to the wind down of operations, contracts or other agreements involving the Turkish Ministries of National Defence or Energy and Natural Resources, or entities owned 50 percent or more by one or both of the ministries.
- **General License 3** (*Authorizing Official Activities of Certain International Organizations Involving the Ministry of National Defence or the Ministry of Energy and Natural Resources of the Government of Turkey*): Authorizes all transactions and activities involving the Turkish Ministries of National Defence or Energy and Natural Resources that are for the official business of certain international organizations, including the United Nations, the World Bank, the International Monetary Fund and the World Health Organization.

This Client Alert is not comprehensive as to the full scope of the U.S. sanctions relating to Syria or any other U.S. sanctions program or associated laws or regulations.

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