



FEBRUARY 11, 2015

CIRCULAR NO. 11/15

TO MEMBERS OF THE ASSOCIATION

Dear Member:

UKRAINE/RUSSIA RELATED ECONOMIC SANCTIONS: CRIMEA REGION OF UKRAINE

Further to the observations contained in [Circular No. 10/15](#) of February 10, 2015 concerning PEME clinics in Sevastopol and Kerch, your Managers wish to draw the attention of Members and other concerned persons to US economic sanctions with respect to the Crimea region of Ukraine generally, and to highlight their impact on the American Club and its Members. These sanctions were imposed on December 19, 2014.

Brief summary of the Crimea sanctions

The US sanctions with respect to Crimea contain provisions concerning the designation of blocked persons or SDNs. This means that transactions with such designated persons (including payments to, or from, them through US banking channels) are prohibited. The SDNs appear on the US Treasury Department, Office of Foreign Assets Control List of SDNs and Blocked Persons. This list may be searched at:

<https://sdnsearch.ofac.treas.gov/>

The sanctions also prohibit the following:

- (i) new investment in the Crimea region of Ukraine by a United States person, wherever located;
- (ii) the importation into the United States, directly or indirectly, of any goods, services, or technology from the Crimea region of Ukraine;
- (iii) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, services, or technology to the Crimea region of Ukraine; and
- (iv) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a United States person or within the United States.

Impact of the sanctions on cover from the American Club

Current US economic sanctions prohibit the American Club from:

- a. dealing with or engaging in any transaction involving persons blocked by the sanctions with respect to Crimea (SDNs) (see the OFAC SDN List specified above); and
- b. from providing cover for or other support for Members' trade with the Crimea region of Ukraine. This includes a prohibition on handling claims involving trade with Crimea.

A copy of the Executive Order imposing US sanctions with respect to Crimea is attached.

There exists a general license authorizing the exportation or re-exportation, from the United States or by a US person, wherever located, of agricultural commodities, medicine, and medical supplies to Crimea, or to persons in third countries purchasing specifically for resale to Crimea, and the conduct of related transactions, including the making of shipping and cargo inspection arrangements, the obtaining of insurance, the arrangement of financing and payment, shipping of the goods, receipt of payment, and the entry into contracts (including executory contracts). A copy of this general license is also attached.

Impact of the US sanctions on Members

US Person Members

Unless falling within the authorization under the above-mentioned general license related to exports (from the United States) of agricultural commodities, medicine, and medical supplies to Crimea, *US person Members of the American Club are prohibited from trade with Crimea or with SDNs and will have no cover therefor from the American Club.*

Non-US person Members

While the US sanctions with respect to Crimea do not apply to the activities of non-US Members of the Club as long as their trade with Crimea or SDNs does not involve a US person and the United States, they will not have cover from the American Club for such trade unless it falls within the above-mentioned general license.

The above-mentioned general license related to exports of agricultural commodities, medicine, and medical supplies to Crimea, authorizing transactions such as insurance cover related to such exports does not apply to permit the American Club to provide cover for agricultural commodity, medicine and medical supply exports to Crimea from countries other than the United States.

As highlighted in **Circular No. 24/14** of August 12, 2014, the European Union also maintains sanctions with respect to, *inter alia*, trade with Crimea and insurance therefor. The prohibitions of these sanctions impact the Club's non-US person Members who are subject to EU laws and regulations.

Given the US as well as EU sanctions with respect to Ukraine, Members are urged to conduct due diligence to determine what sanctions prohibitions may apply to their activities involving the Crimea region of Ukraine.

If Members have any questions, they should contact Mr. Charles Cuccia, Senior Vice President at +1 212 847 4539 or by e-mail at charles.cuccia@american-club.com.

Yours faithfully,



Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB

Presidential Documents

Title 3—

Executive Order 13685 of December 19, 2014

The President

Blocking Property of Certain Persons and Prohibiting Certain Transactions With Respect to the Crimea Region of Ukraine

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), section 212(f) of the Immigration and Nationality Act of 1952 (8 U.S.C. 1182(f)), and section 301 of title 3, United States Code,

I, BARACK OBAMA, President of the United States of America, in order to take additional steps to address the Russian occupation of the Crimea region of Ukraine, and with respect to the national emergency declared in Executive Order 13660 of March 6, 2014, and expanded by Executive Order 13661 of March 16, 2014, and Executive Order 13662 of March 20, 2014, hereby order:

Section 1. (a) The following are prohibited:

- (i) new investment in the Crimea region of Ukraine by a United States person, wherever located;
- (ii) the importation into the United States, directly or indirectly, of any goods, services, or technology from the Crimea region of Ukraine;
- (iii) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, services, or technology to the Crimea region of Ukraine; and
- (iv) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this section if performed by a United States person or within the United States.

(b) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order.

Sec. 2. (a) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person (including any foreign branch) of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

- (i) to operate in the Crimea region of Ukraine;
- (ii) to be a leader of an entity operating in the Crimea region of Ukraine;
- (iii) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order; 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 whose property and interests in property are blocked pursuant to this order.

(b) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order.

Sec. 3. I hereby find that the unrestricted immigrant and nonimmigrant entry into the United States of aliens determined to meet one or more of the criteria in subsection 2(a) of this order would be detrimental to the interests of the United States, and I hereby suspend entry into the United States, as immigrants or nonimmigrants, of such persons. Such persons shall be treated as persons covered by section 1 of Proclamation 8693 of July 24, 2011 (Suspension of Entry of Aliens Subject to United Nations Security Council Travel Bans and International Emergency Economic Powers Act Sanctions).

Sec. 4. I hereby determine that the making of donations of the type of articles specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)) by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to section 2 of this order would seriously impair my ability to deal with the national emergency declared in Executive Order 13660, and expanded in Executive Orders 13661 and 13662, and I hereby prohibit such donations as provided by section 2 of this order.

Sec. 5. The prohibitions in section 2 of this order include but are not limited to:

(a) the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to this order; and

(b) the receipt of any contribution or provision of funds, goods, or services from any such person.

Sec. 6. (a) Any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

Sec. 7. Nothing in this order shall prohibit transactions for the conduct of the official business of the United States Government by employees, grantees, or contractors thereof.

Sec. 8. For the purposes of this order:

(a) the term “person” means an individual or entity;

(b) the term “entity” means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization;

(c) the term “United States person” means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States; and

(d) the term “Crimea region of Ukraine” includes the land territory in that region as well as any maritime area over which sovereignty, sovereign rights, or jurisdiction is claimed based on purported sovereignty over that land territory.

Sec. 9. For those persons whose property and interests in property are blocked pursuant to this order who might have a constitutional presence in the United States, I find that because of the ability to transfer funds or other assets instantaneously, prior notice to such persons of measures to be taken pursuant to this order would render those measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in Executive Order 13660 and expanded in Executive Orders 13661 and 13662, there need be no prior notice of a listing or determination made pursuant to section 2 of this order.

Sec. 10. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA, as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government consistent with applicable law. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order.

Sec. 11. This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

Sec. 12. This order is effective at 3:30 p.m. eastern standard time on December 19, 2014.

A handwritten signature in black ink, appearing to be "Barack Obama", with a large circular flourish and a horizontal line extending to the right.

THE WHITE HOUSE,
December 19, 2014.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF FOREIGN ASSETS CONTROL

Executive Order _____ of December 19, 2014
**Blocking Property of Certain Persons and Prohibiting Certain
Transactions With Respect to the Crimea Region of Ukraine**

GENERAL LICENSE NO. 4

**Authorizing the Exportation or Reexportation of
Agricultural Commodities, Medicine, Medical Supplies, and Replacement Parts**

(a) Exportation or reexportation of agricultural commodities, medicine, medical supplies, and replacement parts.

(1) Agricultural commodities, medicine, and medical supplies. Except as provided in paragraphs (a)(3) – (a)(5), the exportation or reexportation, from the United States or by a U.S. person, wherever located, of agricultural commodities, medicine, and medical supplies to Crimea, or to persons in third countries purchasing specifically for resale to Crimea, and the conduct of related transactions, including the making of shipping and cargo inspection arrangements, the obtaining of insurance, the arrangement of financing and payment, shipping of the goods, receipt of payment, and the entry into contracts (including executory contracts), are hereby authorized.

(2) Replacement parts. Except as provided in paragraph (a)(3), the exportation or reexportation, from the United States or by a U.S. person, wherever located, of replacement parts for medical supplies exported or reexported pursuant to paragraph (a)(1) of this general license to Crimea, or to persons in third countries purchasing specifically for resale to Crimea, and the conduct of related transactions, including the making of shipping and cargo inspection arrangements, the obtaining of insurance, the arrangement of financing and payment, shipping of the goods, receipt of payment, and the entry into contracts (including executory contracts), are hereby authorized, provided that such replacement parts are designated as EAR99, or, in the case of replacement parts that are not subject to the Export Administration Regulations, 15 CFR parts 730 et seq. (EAR), would be designated as EAR99 if they were located in the United States; and further provided that such replacement parts are limited to a one-for-one export or reexport basis (i.e., only one replacement part can be exported or reexported to replace a broken or non-operational component).

(3) Excluded persons. Paragraphs (a)(1) and (a)(2) of this general license do not authorize the exportation or reexportation of agricultural commodities, medicine, medical supplies, or replacement parts to military or law enforcement purchasers or importers.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

(4) Excluded agricultural commodities. Paragraph (a)(1) of this general license does not authorize the exportation or reexportation of the following items: castor beans, castor bean seeds, certified pathogen-free eggs (unfertilized or fertilized), dried egg albumin, live animals (excluding live cattle), embryos (excluding cattle embryos), Rosary/Jequirity peas, non-food-grade gelatin powder, peptones and their derivatives, super absorbent polymers, western red cedar, or all fertilizers.

(5) Excluded medicines. Paragraph (a)(1) of this general license does not authorize the exportation or reexportation of the following medicines: non-NSAID analgesics, cholinergics, anticholinergics, opioids, narcotics, benzodiazapenes, and bioactive peptides.

(b) Other excluded items.

(1) Agricultural commodities. For the purposes of this general license, agricultural commodities do not include furniture made from wood; clothing manufactured from plant or animal materials; agricultural equipment (whether hand tools or motorized equipment); pesticides, insecticides, or herbicides; or cosmetics (unless derived entirely from plant materials).

(2) Medicine. For the purposes of this general license, medicine does not include cosmetics.

(c) Limitations.

(1) Nothing in this general license relieves the exporter from compliance with the export license application requirements of another Federal agency.

(2) Nothing in this general license authorizes the exportation or reexportation of any agricultural commodity, medicine, or medical device controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. 2778); controlled on any control list established under the Export Administration Act of 1979 or any successor statute (50 U.S.C. App. 2401 et seq.); or used to facilitate the development or production of a chemical or biological weapon or weapon of mass destruction.

(3) Nothing in this general license affects prohibitions on the sale or supply of U.S. technology or software used to manufacture agricultural commodities, medicine, or medical devices, such as technology to design or produce biotechnological items or medical devices.

(4) Nothing in this general license affects U.S. nonproliferation export controls, including the end-user and end-use controls maintained under Part 744 of the Export Administration Regulations, 15 CFR part 744.

(5) Nothing in this general license authorizes any transaction or dealing with a person whose property and interests in property are blocked under, or who is designated or otherwise



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

subject to any sanctions under, the terrorism, proliferation of weapons of mass destruction, or narcotics trafficking programs administered by OFAC, 31 CFR parts 536, 544, 594, 595, 597, and 598, or with any foreign organization, group, or person subject to any restriction for its involvement in weapons of mass destruction or missile proliferation, or involving property blocked pursuant to 31 C.F.R. chapter V or any other activity prohibited by that chapter not otherwise authorized in or pursuant to 31 C.F.R. part 589.

(6) Nothing in this general license authorizes the exportation or reexportation of any agricultural commodity, medicine, or medical device that is not designated as EAR99 or, in the case of any agricultural commodity, medicine, or medical device not subject to the EAR, would not be designated as EAR99 if it were located in the United States.

(d) Covered items. For the purposes of this general license, agricultural commodities, medicine, medical devices, and medical supplies are defined below.

(1) Agricultural commodities. For the purposes of this general license, agricultural commodities are:

(i) In the case of products subject to the EAR, 15 CFR part 774, products that are designated as EAR99, and, in the case of products not subject to the EAR, products that would be designated as EAR99 under the EAR if they were located in the United States, in each case that fall within the term “agricultural commodity” as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602); and

(ii) In the case of products subject to the EAR, products that are designated as EAR99, and in the case of products not subject to the EAR, products that would be designated as EAR99 if they were located in the United States, in each case that are intended for ultimate use in Crimea as:

(A) Food for humans (including raw, processed, and packaged foods; live animal; vitamins and minerals; food additives or supplements; and bottled drinking water) or animals (including animal feeds);

(B) Seeds for food crops;

(C) Fertilizers or organic fertilizers; or

(D) Reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

(2) Medicine. For the purposes of this general license, medicine is an item that falls within the definition of the term “drug” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) and that, in the case of an item subject to the EAR, is designated as EAR99 or, in the case of an item not subject to the EAR, that would be designated as EAR99, if it were located in the United States.

Note to paragraph (d)(2): The Department of Commerce’s Bureau of Industry and Security provides a list on its website of medicines that are not designated as EAR99 and therefore not eligible for this general license.

(3) Medical devices. For the purposes of this general license, a medical device is an item that falls within the definition of “device” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) and that, in the case of an item subject to the EAR, is designated as EAR99, or in the case of an item not subject to the EAR, that would be designated as EAR99 if it were located in the United States.

(4) Medical supplies. For purposes of this general license, the term medical supplies means those medical devices, as defined in paragraph (d)(3) of this general license, that are included on the List of Medical Supplies on OFAC’s website (www.treasury.gov/ofac) on the Ukraine-related Sanctions page.

Note to paragraph (d)(4): The List of Medical Supplies is maintained on OFAC’s website (www.treasury.gov/ofac) on the Ukraine-related Sanctions page. The list also will be published in the Federal Register, as will any changes to the list.

Note to General License 4: Specific licenses may be issued on a case-by-case basis to authorize the export or reexport of medical devices that are not medical supplies (and therefore not authorized pursuant to section (a)(1) of this general license) to Crimea, or to persons in third countries purchasing specifically for resale to Crimea.


John E. Smith
Acting Director
Office of Foreign Assets Control

Dated: December 19, 2014