



MAY 07, 2012

CIRCULAR NO. 12/12

TO MEMBERS OF THE ASSOCIATION

Dear Member:

ADDITIONAL US ECONOMIC SANCTIONS: IRAN AND SYRIA

On May 1, 2012, President Obama signed an Executive Order (EO), *“Prohibiting Certain Transactions with and Suspending Entry into the United States of Foreign Sanctions Evaders with Respect to Iran and Syria.”* The EO provides the US Treasury Department’s Office of Foreign Assets Control (OFAC) with a new authority to further tighten the existing US sanctions on Iran and Syria.

This EO targets foreign individuals and entities that have violated, attempted to violate, conspired to violate, or caused a violation of US sanctions against Iran or Syria, or that have facilitated deceptive transactions for persons subject to US sanctions concerning Syria or Iran. With this new authority, the US authorities now have the capability to publicly target and identify foreign individuals and entities that have engaged in these evasive and deceptive activities, i.e., making such foreign individuals and entities themselves US sanctions targets as if they were themselves Iranian or Syrian entities. This new authority is in addition to civil penalties that may be assessed and criminal prosecution that may be instituted for violations of U.S. sanctions against Iran and Syria.

Transactions by US persons or within the United States involving persons sanctioned under the EO are prohibited, effectively excluding the listed/targeted persons from the US marketplace and financial system. If an individual or entity is made subject to sanctions under the EO, US persons generally may no longer provide to, or procure from, such individual or entity any goods, services, or technology.

By cutting off access to the US marketplace and financial system to such sanctions evaders, the EO provides the US Treasury with a powerful tool to prevent and deter such behavior and to hold such persons accountable and to convince them to change their behavior. Publicly identifying (blacklisting) such persons will also allow US persons to avoid unwittingly engaging in transactions with identified foreign persons that may expose US persons to the risk of sanctions violations.

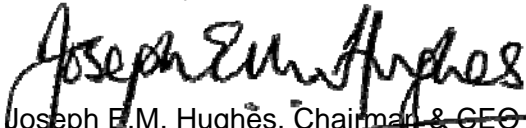
Additionally, the EO provides that any person determined to have evaded US sanctions against Iran or Syria shall be barred from entering the United States.

The prohibitions of US economic sanctions against Iran and Syria are contained in numerous Executive Orders dating back to 1995. The law to which the EO refers (and to violations thereof) is complex. It is not possible to feasibly illustrate each and every prohibition and how the laws may apply in a specific case, and what may constitute a violation of such laws. Therefore, the best way for foreign persons to ensure that they are not subjected to the very damaging consequences of sanctions under the EO is for such persons to approach matters on a case-by-case basis and obtain competent legal advice before proceeding with any transaction or activity involving Iran or Syria. Such advice should also be obtained with respect to past or continuing activity that may constitute an activity (or violation) triggering sanctions under the EO.

Foreign persons are also advised that appearing on a US blacklist or list of sanctions targets can have negative implications for the activities of such persons outside or beyond the United States, as most international banks, no matter where they may be located, as a practical or risk management matter refuse or decline to handle transactions for such persons.

For any questions and further guidance regarding the EO, please contact 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