



# Export Week!

## Introduction to Export Compliance and OFAC Compliance

Aviation Suppliers Association

October 7, 2024



# Jason Dickstein



- Advising aviation companies since 1992
- General Counsel to the Aviation Suppliers Association since 1997
- Our law firm represents and counsels air carriers, manufacturers, repair stations and distributors
- Advise businesses on export and airworthiness compliance

# Export Week!





# Some Export Regulators

- **BIS – Bureau of Industry and Security**
  - Commerce Department office responsible for the regulation of most exports
- **DDTC – Directorate of Defense Trade Controls**
  - State Department office responsible for the regulation of exports of defense-related articles
- **OFAC - Office of Foreign Asset Control**
  - Treasury Department office responsible for certain additional export controls meant to advance particular interests of the United States



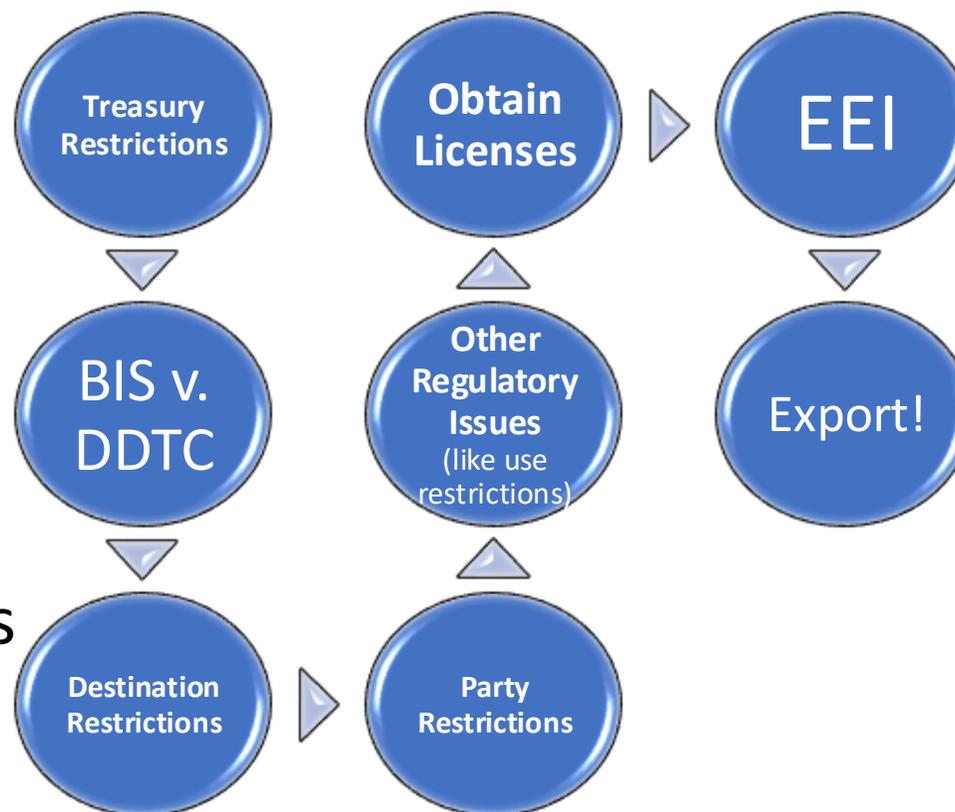
# Definitions: Export

## *What is an export?*

- Actual shipment or transmission of items out of the U.S.
  - Includes software
  - Includes technology
  - Can include technical documents in some cases
  - Includes repaired items!
- This differs from the FAA definition of export!!
  - Which is based on moving from one regulated system to another

# Compliance Can Be a Process

- Look at Treasury restrictions
- Identify whether the article is State or Commerce restricted
- Examine appropriate destination restrictions
- Check party-level restrictions
- Identify other regulatory issues
- Obtain licenses as necessary
- Document the transaction





# What General Restrictions Might Apply?

Are there General Treasury  
Restrictions that Regulate  
Transfer of Assets?



# OFAC Lists

- **Sanctions Programs List:**

- <https://ofac.treasury.gov/sanctions-programs-and-country-information>
- Typically directed at countries, but may also serve more targeted purposes e.g., Counter Terrorism, Hostage Takers, etc.

- **Specially Designated Nationals List:**

- <https://sanctionssearch.ofac.treas.gov/> [Search Engine]
- <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>

- **Sectoral Sanctions List**

- <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>

- These lists change, and entities can move from one list to another, so do the search every time!



# Nations Restricted by OFAC

*Current as of September 28, 2024*

- Afghanistan
- Balkans
- Belarus
- Burma (Myanmar)
- Central African Republic
- China (Military Companies and Hong Kong-related)
- Congo (Dem. Rep.)
- Cuba
- Ethiopia
- Iran
- Iraq
- Lebanon
- Libya
- Mali
- Nicaragua
- North Korea
- Russia (multiple programs)
- Somalia
- Sudan and Darfur
- South Sudan
- Syria
- Ukraine/Crimea
- Venezuela
- West Bank
- Yemen



# Sample Sanctioned Parties

*as of October 4, 2024*

- Aerocon
- Aero Continent
- Aero Courier Cargo
- Aero Express Intercontinental
- Aero Sky One
- Aerocaribbean Airlines
- Aerocomercial Alas De Colombia
- Aerocondor
- Aeronautica Condor
- Aerospace Industries Organization
- Aerospace Research Institute
- Aerovias Atlantico Ltda
- AFAGIR
- Air Alanna
- Air Koryo
- Aircraft Avionics Parts and Support Ltd
- Aircraft Repair Plant
- Airfix Aviation OY
- Al-Naser Airlines
- Al-Naser Wings Airline
- Al-Sham Wings
- Avia Group LLC
- Avia Import
- Avia Trust FZE
- Aviation Capital Solutions, Ltd
- Butembo Airlines
- Capacitacion Aeronautica Profesional
- Caspian Airlines
- Central AeroHydrodynamic Institute
- Cham Wings Airlines
- Cubana Airlines
- Dart Airlines
- Dena Airways
- Empresa Cubana de Aviacion
- Fars Air Cargo Airline
- Hors Airlines Ltd
- Intercontinental de Aviacion
- Int'l Airline Consulting
- Iran Air
- Kyrgyztransavia Airlines
- Mahan Air
- Mantenimiento, Aeronautica, Transporte, Y Servicios Aereos
- Pouya Airlines
- RADA Airlines
- Rey Airlines
- Sky Blue Airlines
- Syrian Air Force Intelligence
- Syrian Arab Airlines
- TAE Avia
- Ukrainian-Mediterranean Airlines (UM Air) [*certain aircraft*]
- United Aircraft Corporation
- Yasair Cargo Airline



# Consolidated Screening List (CSL)

- Commerce, State, and Treasury lists

<https://www.trade.gov/data-visualization/csl-search>

- If you have problems managing the consolidated list, then use the individual lists

*Please note that lists and regulations are updated frequently by the government, and should be checked for each transaction*

# CSL Search

- <https://www.trade.gov/data-visualization/csl-search>
- The consolidated screening list lets you search to see whether your business partners are restricted
- If a name is on the list, or if you find a name or address that looks close, then you should engage in some additional inquiry

Official Website of the International Trade Administration [Here's how you know](#) ▾

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Home | Data Visualization | CSL Search

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## CSL SEARCH

Search the Consolidated Screening List (CSL)

Search all [the screening lists](#) at one time by filling in the search boxes below. If you get too many results, try including more information to the additional fields. If you get too few results, try searching one field at a time.

**Name**  
Search for an entity's name or one of its alternative names.

**Fuzzy Name**  
When set to "off", the spelling of the Name you search for must be correct to get results. When set to "on", the spelling for the Name you search for may be slightly off from the exact spelling. Check the score for each result to determine how close a match it is to the entity's name or its alternative names. A score of 100 is an exact match. Results are returned with the highest scores first. Fuzzy search filters out the following common words: co, company, corp, corporation, inc, incorporated, limited, ltd, mrs, ms, mr, organization, sa, sas, llc, university, and univ. For example, 'Water Corporation' returns the same results as 'Water' because 'Corporation' is one of the common words.

**Address**  
Search for the street address, city, province, and postal code of an entity.

**Sources**  
Choose which of the screening lists that you want to search.

**Countries**  
Choose which countries that you want to search. Note, the Nonproliferation Sanctions and ITAR Debarred lists do not include the country with an entity. If you choose to search for entities by country then you will not be searching these two lists.

Complete Consolidated Screening List





## CSL SEARCH

Search the Consolidated Screening List (CSL)

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Jason Dickstein

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On

### Address

Search for the street address, city, province, and postal code of an entity.

### Sources

Choose which of the screening lists that you want to search.

Select...

### Countries

Choose which countries that you want to search. Note, the Nonproliferation Sanctions and ITAR Debarred lists do not include the country with an entity. If you choose to search for entities by country then you will not be searching these two lists.

Select...

Search

No result.



# Sample Search

- In this example, we searched for “Jason Dickstein,” and it returned “No result.”
- Note the use of the Fuzzy Search to expand the search results (to include alternative spellings)





# Sample Search

- Imagine you get a purchase order from Blue Sky Aviation in Dubai, UAE
- In this example, we searched for “Blue Sky Aviation,” and it returned three results



Data Visualization Due Diligence Investigation Services

## CSL SEARCH

Search the Consolidated Screening List (CSL)

Search the [screening lists](#) at one time by filling in the search boxes below. If you get too many results, try including more information to the additional fields. If you get too few results, try searching one field at a time.

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Search

- 3 results.
- [BLUE SKY AVIATION CO FZE](#)
  - [SKY BLUE BIRD AVIATION](#)
  - [SKY BLUE BIRD AVIATION](#)

# Sample Search

- Zoom in (click) on each result to see what it says

3 results.

[BLUE SKY AVIATION CO FZE](#)

Source	Specially Designated Nationals (SDN) - Treasury Department
Entity Number	16533
Type	Entity
Name	BLUE SKY AVIATION CO FZE
Score	100
Source List URL	<a href="https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx">https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx</a>
Source Information URL	<a href="https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists">https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists</a>
Programs	SDGT
Addresses	1. Al Maktoum Street, al Dana Centre, 3rd Floor, Office No. 306 Dubai AE

[SKY BLUE BIRD AVIATION](#)

[SKY BLUE BIRD AVIATION](#)

1

# Check Sky Blue Bird Aviation, Just to Be Sure



## BLUE SKY AVIATION CO FZE

### SKY BLUE BIRD AVIATION

Source	Denied Persons List (DPL) - Bureau of Industry and Security
Start Date	2023-05-05T00:00:00Z
End Date	2023-11-01T00:00:00Z
Federal Register Notice	80 F.R. 44930 7/28/15, 81 F.R. 45277 7/13/2016, 82 F.R. 2312 1/9/2017, 82 F.R. 30823 7/3/2017, 82 F.R. 61745 12/29/2017, 83 F.R. 28801 6/21/2018, 83 F.R. 64518 12/17/2018, 84 F.R. 27233 6/12/2019, 84 F.R. 66873 12/6/2019, 85 F.R. 34405 6/4/2020, 85 F.R. 77147 12/1/2020, 86 F.R. 28540 5/27/2021, 86 F.R. 66277 11/22/2021, 87 F.R. 30173 5/18/2022, 87 F.R. 68123 11/14/2022, 88 F.R. 30078 5/10/2023
Name	SKY BLUE BIRD AVIATION
Standard Order	Y
Remarks	FR NOTICE ADDED, TDO RENEWAL, F.R. NOTICE ADDED, TDO RENEWAL ADDED, F.R. NOTICE UPDATED, TDO RENEWAL ADDED, F.R. NOTICE ADDED, TDO RENEWAL, F.R. NOTICE ADDED, TDO RENEWAL ADDED, TDO, F.R. NOTICE ADDED; TDO RENEWAL ADDED, F.R. NOTICE ADDED, TDO RENEWAL ADDED, RENEWAL ADDED, TDO RENEWAL ADDED, F.R. NOTICE ADDED, ADDITION, F.R. NOTICE ADDED TDO RENEWAL; F.R. NOTICE ADDED, TDO RENEWAL, F.R. NOTICE ADDED
Score	100
Source List URL	<a href="https://www.bis.doc.gov/index.php/the-denied-persons-list">https://www.bis.doc.gov/index.php/the-denied-persons-list</a>
Source Information URL	<a href="https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list">https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list</a>
Addresses	1. P.O. BOX 16111 RAS AL KHAIMAH TRADE ZONE AE

### SKY BLUE BIRD AVIATION

Source	Specially Designated Nationals (SDN) - Treasury Department
Entity Number	18134
Type	Entity
Name	SKY BLUE BIRD AVIATION
Remarks	(Linked To: MAHAN AIR)
Score	100
Source List URL	<a href="https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx">https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx</a>
Source Information URL	<a href="https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists">https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists</a>
Programs	IFSR SDGT
Alternative Names	SKY BLUE BIRD FZE SKY BLUE AIRLINES
Addresses	1. P.O. Box 16111 Ras al Khaimah Trade Zone AE
IDs	1. Type: Additional Sanctions Information - Number: Subject to Secondary Sanctions



# What Does it Mean to be on a Treasury List?

- Persons on the Sectoral Sanctions List or the Specially Designated Nationals (SDNs) List are blocked
- Blocked:
  - a U.S. person may not procure goods, services, or technology from, or engage in transactions with, a blocked person directly or indirectly (including through a third-party intermediary)
  - This typically means no export and no imports with blocked parties
  - It also means no acceptance of funds from (or payments to) a blocked party



# Can I buy from a Subsidiary?

- **ISSUE: The parent company is on the OFAC sanctions list, but the subsidiary is not. Can I buy from the subsidiary?**
- If a blocked person owns or controls another entity, then that entity is blocked as well
  - Example: Rostec was sanctioned under the Ukraine/Russia related sanctions in 2014. They owned most of United Engine Corp. United Engine Corp. was not on the OFAC sanctions list, but it was still treated as a blocked party because of the ownership.
  - **NOTE:** *United Engine Corp. was added two years later; United Engine Corp. was also added to the BIS entity and MEU lists.*
- If two or more blocked persons own 50% or more of another entity, then the owned entity is also blocked (*substantial control is assumed*)



# Frozen Assets

**ISSUE: I obtained Assets from a Specially Designated National BEFORE it was added to the SDN list. I managed repairs on the asset and now I want to send the asset back to the SDN. Can I?**

[CHONGQING ZONGSHEN AERO ENGINE MANUFACTURING CO LTD](#)

Source	Specially Designated Nationals (SDN) - Treasury Department
Entity Number	48810
Type	Entity
Name	CHONGQING ZONGSHEN AERO ENGINE MANUFACTURING CO LTD
Source List URL	<a href="https://sanctionslist.ofac.treas.gov/Home/SdnList">https://sanctionslist.ofac.treas.gov/Home/SdnList</a>
Source Information URL	<a href="https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists">https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists</a>
Programs	RUSSIA-EO14024
Alternative Names	CHONGQING ZONGSHEN AERO ENGINES MANUFACTURING CO LTD CHONGQING ZONSEN AERO ENGINE MANUFACTURING CO LTD
Addresses	1. Building 14, No. 126, Yunan Avenue, Banan District Chongqing 400000 CN



# Frozen Assets

**ISSUE: I obtained Assets from a Specially Designated National BEFORE it was added to the SDN list. I managed repairs on the asset and now I want to send the asset back to the SDN. Can I?**

- If the party is sanctioned by OFAC (e.g. on the SDN or SSI lists) then assets are frozen and transactions are blocked.
  - Example: CHONGQING ZONGSHEN AERO ENGINE MANUFACTURING CO LTD (*announced as an SDN on May 1, 2024*)
  - You would need a license to return an asset!
- One option is for an asset subject to degradation or loss of value, like an engine, you may be able to GET A LICENSE to sell it and then hold the cash in a frozen account
  - Make sure you get the license!!

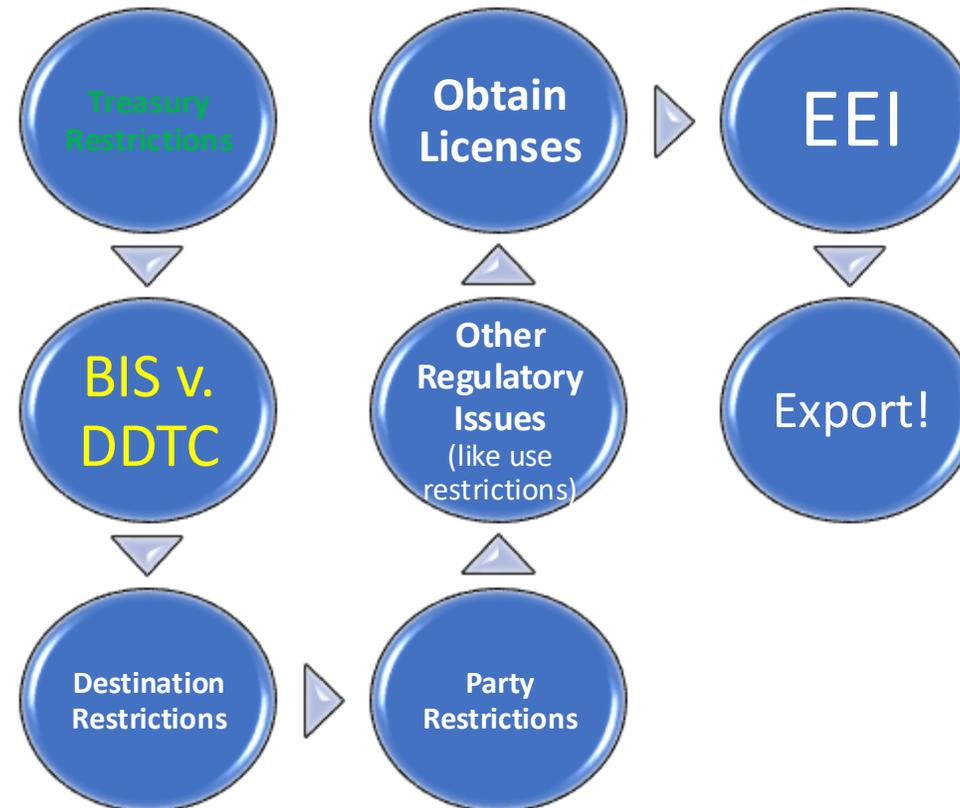


# Practical Advice – OFAC Compliance

- Gather information – do not be willfully blind to the facts
- Always check your export business partners on the consolidated screening list and the OFAC sanctions list for every transaction
- If you identify a party who appears to be blocked, then do not engage in any transaction without first identifying your compliance path
  - Consult with a lawyer!
  - Remember that there may be a compliance path, including through licensing, if the proposed transaction does not conflict with U.S. interests

# Steps to Compliance

- Look at Treasury restrictions
- TOMORROW: Identify whether the article is State or Commerce restricted
- Tomorrow's topic:
- Aircraft Part Compliance: Distinguishing EAR Jurisdiction from ITAR Jurisdiction; Identifying Your ECCN and Using it to Establish the Destination Restrictions





Thank You!



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