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# Sanctions: Case Studies

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A leader in International Security, Logistics, Humanitarian Assistance, and Technology solutions

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# Case Study 1: Suez Rajan Limited

- Crude oil shipments from Iran to China in 2022
- The sale of the oil was in support of US designated organizations
- The network processed payments through US financial system
- The case involved multiple deceptive shipping practices in order to hide the nature of the trade, including AIS manipulation, STS, fake documents
- Like several instances with Iran, the case resulted in diplomatic tension and reactive vessel seizures

# Seuz Rajan Limited: Key Players

## 1. Islamic Revolutionary Guard Corps (IRGC) and Quds Force (IRGC-QF)

1. The IRGC is a designated Iranian military org, involved in numerous illicit activities, including funding terrorism through illegal oil sales

## 2. National Iranian Oil Company (NIOC):

1. NIOC oversees Iran's oil industry and financially supports the IRGC-QF through the proceeds from oil sales.

## 4. Suez Rajan and Virgo Tankers:

1. **Suez Rajan:** Administered by Greek company Empire Navigation and registered in the Marshall Islands. Suez Rajan Limited was the bareboat charterer. Vessel flagged in Marshall Islands.
2. **Virgo:** This tanker transported oil from the Kharg Oil Terminal and transferred it to the Suez Rajan owned / operated by Company C. Vessel flagged in Panama.

## 5. Company B:

1. A Hong Kong-based company that chartered the Suez Rajan to facilitate the transportation of the oil.





# Suez Rajan Case: Timeline

## January 14-17, 2022:

- The Virgo tanker entered the Persian Gulf and docks at Berth 11 of the Azarpad at the Kharg Oil Terminal.
- It loaded Iranian oil and departs on January 17, 2022.
- Used fake AIS signals to not appear near the terminal on tracking systems

## February 3-6, 2022:

- Company B (Hong Kong) charters the Suez Rajan.
- The Suez Rajan conducts an STS transfer with the CS Brilliance at Tanjung Pelepas, Malaysia.
- During this STS, the Suez Rajan reportedly takes on approximately 4,000 barrels of crude oil.



Jan. 17, 2022: ESA satellite imagery reflects that the Virgo was not present at its AIS reported position.

# Suez Rajan Case: Timeline

## February 12-14, 2022:

- The Suez Rajan engages in an STS transfer with the Virgo near the EOPL anchorage off Singapore, also broadcasting a fake location.
- This transfer involves 976,483 barrels of oil, effectively masking the Iranian origin of the cargo.
- The captain and chief officer of the Suez Rajan, under instructions from Empire Navigation Inc., falsified the vessel's oil record book. They recorded only the initial, smaller transfer from the CS Brilliance and omitted the significantly larger transfer from the Virgo

## February 11 and 16, 2022:

- Company B **uses the U.S. financial system** to send two wire transfers, one for \$712,500 and another for \$516,233.95, to pay for chartering fees associated with the Suez Rajan.

## February 18, 2022:

- Post-Singapore Transfer: The Suez Rajan was held near Singapore for nearly a year, was eventually told to offload the cargo in Houston



Feb. 12, 2022: The VIRGO was not located at its reported AIS location.

# Suez Rajan Case: Evasion Techniques

- AIS manipulation
- Fake vessel rendezvous
- Multiple STS
- Vessels / companies involved registered:
  - Hong Kong
  - Marshall Islands
  - Panama
- Fake documentation

# The Suez Rajan: Fallout and Consequences

**1. Corporate Probation and Fines:** Suez Rajan Limited, the bareboat charterer of the Suez Rajan, pleaded guilty to conspiring to violate the International Emergency Economic Powers Act (IEEPA) and U.S. sanctions against Iran. The company was sentenced to three years of corporate probation and fined nearly \$2.5 million.

**2. Empire Navigation Inc.,** the operating company of the vessel, agreed to be jointly liable for the fine and to cooperate with the U.S. government, including transporting the Iranian oil to the United States for seizure.

**3. Deferred Prosecution Agreement (DPA):** Empire Navigation Inc. entered into a DPA with the U.S. government, under which they must adhere to strict compliance measures and cooperate fully with the ongoing investigation.

**4. Seizure of Assets:** The petroleum-product cargo aboard the Suez Rajan was seized under a court order. This amounted to nearly 1 million barrels. The vessel's seizure on the high seas highlighted the U.S. authorities' capability to enforce international sanctions and forfeiture laws beyond its territorial waters.

## 5. Diplomatic Incident



# Case Study 2: Dandong Hongxiang (DHID)

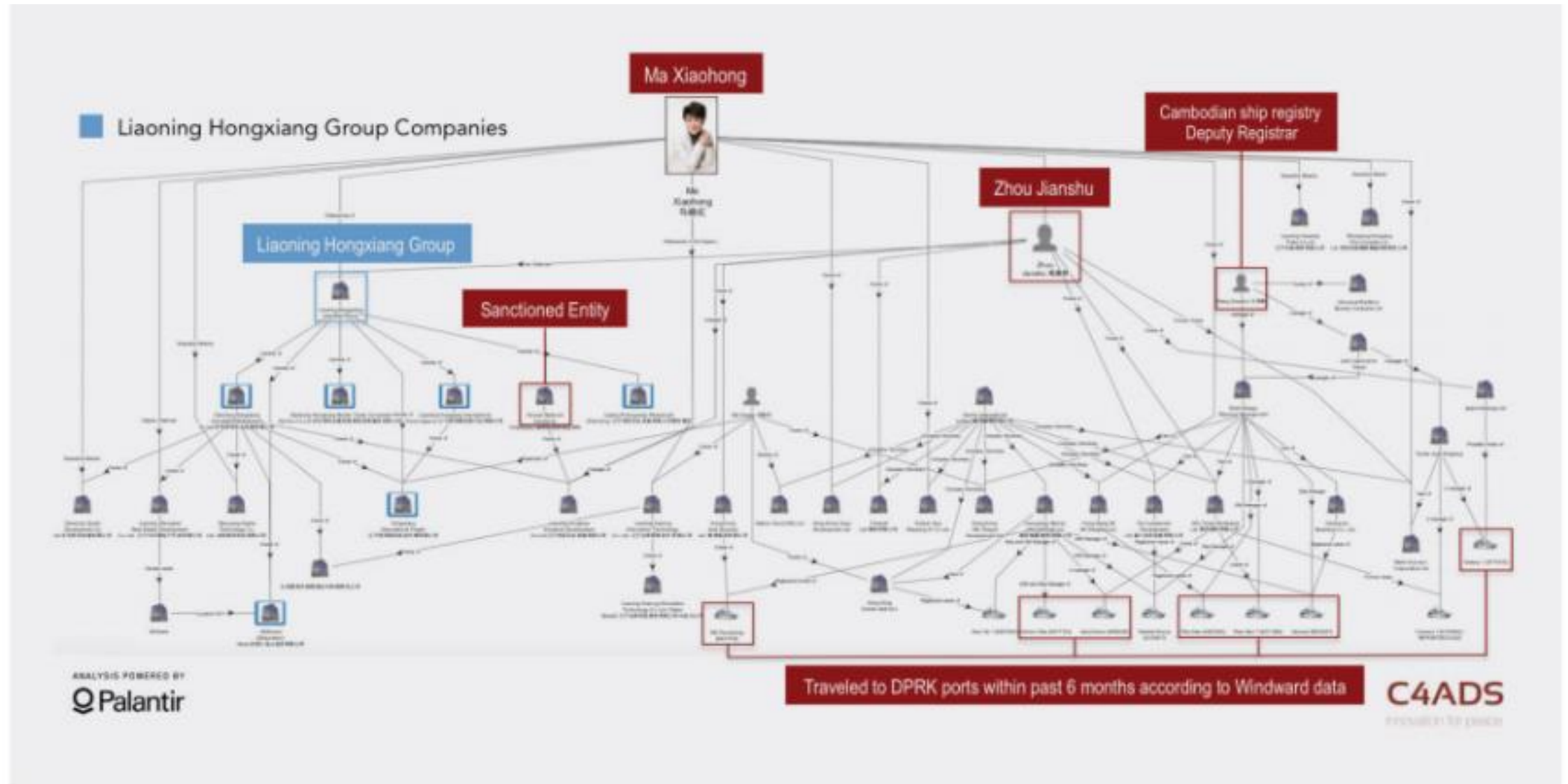
- **Case Focus:** The Dandong Hongxiang Industrial Development Co. Ltd. (DHID) case
- **Significance:** Illustrates North Korea's methods for circumventing international sanctions using complex interconnected webs
- **Main Activities:** Facilitating financial transactions and procuring materials for North Korea's WMD and ballistic missile programs.
- **Methodologies:** Use of international networks, front companies, and complex financial transactions.



# The DHID Case: Key Players

- **Dandong Hongxiang Industrial Development (DHID):** A Chinese trading company instrumental in North Korea's sanctions evasion network.
- **Liaoning Hongxiang Group:** DHID subsidiary and another "gateway company"
- **Ma Xiaohong:** Founder and head of DHID, orchestrated the company's illicit operations.
- **Zhou Jianshu, Luo Chuanxu, and Hong Jinhua:** Senior managers at DHID involved in the network.
- Kim Jong Chol – North Korean procurement in Malaysia
- **Korea Kwangson Banking Corp (KKBC)** – Designated North Korean Bank

# The DHID Case: Key Players

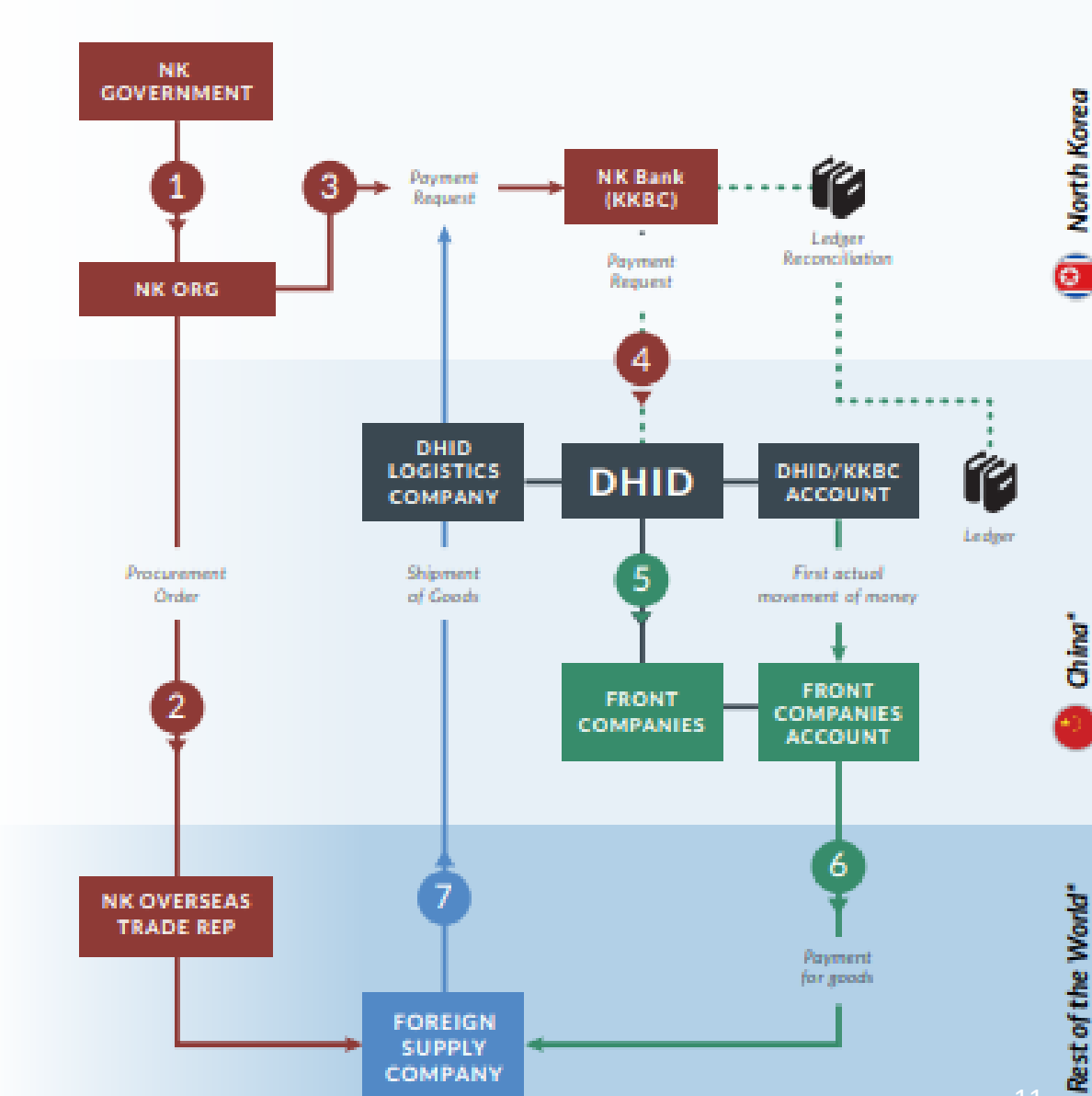


# The DHID Case: How did it work?

- 1. North Korean Government Order
- 2. Procurement by Trade Representative
- 3. Payment Request to North Korean Bank
- 4. KKBC's Payment Request to Chinese Proxy (DHID)
- 5. Transfer of Orders and Funds by DHID
- 6. Payment to Supplier by Front Companies
- 7. Shipping of Goods (not directly to North Korea)

*\*The distinctions described are stylized. Key Chinese entities can have front companies located around the world, while supply companies can be located both in China, and around the world*

— Movement of Money  
 — Movement of Orders  
 — Movement of Goods



# The DHID Case: Timeline

**2009-2011:** DHID begins its involvement with North Korean trade, facilitating transactions for commodities like refined sugar and urea fertilizer, funded by Korea Kwangson Banking Corp. (KKBC).

**2011:** DHID sets up multiple shell companies in jurisdictions such as the British Virgin Islands and Hong Kong to obscure illicit transactions.

**2012-2013:** DHID continues to facilitate large-scale commodity purchases for North Korea, including significant urea fertilizer deals.

**2014-2015:** DHID's network expands, and it continues to conduct transactions involving various goods like coal, pesticides, dual use goods, general supplies.

**September 2015:** KKBC transfers \$500,000 to DHID's U.S. dollar account in Pyongyang.

**2016:** The U.S. Treasury Department imposes sanctions on DHID, Ma Xiaohong, and other associated individuals.



# The DHID Case: Malaysian links

Ri Jong Chol – linked to Kim Jong Nam assassination

- Based in Malaysia
- Involved with many North Korean companies
- Had Ma's number in his phone
- Ma also was the sole director of Golden Sunrise Finance Broking, a Malaysia based company that DHID used for payments
- Ri used these companies to make payments through Malaysian and Chinese banks

REVOKED  
(Updated as at 21 May 2019)

NO	NAME	TYPE OF LICENCE	DATE REVOKED	Shareholder	Director
1	Olympic Allianz Insurance (L) Corporation	Captive	17/8/2000	-	-
2	Fraser Mackinnay (Far East) Limited	Broker	14/8/2001	Ian William Porteous	Ian William Porteous
3	SMI (Labuan) Limited	Broker	27/3/2002	Sitruat & Administrator Sendirian Berhad	Robert George Oliver Simpson John Edward Sinclair
4	Pacific World Insurance Managers Limited	Insurance Manager	10/1/2012	Pacific World Holdings Ltd.	Daniel R. Williams William M. Cameron Ricky W.K. So
5	Pacific World Insurance Managers Limited	Underwriting Manager	10/1/2012	Pacific World Holdings Ltd.	Daniel R. Williams William M. Cameron Ricky W.K. So
6	Pacific World Reinsurance Brokers Limited	Broker	10/1/2012	Pacific World Holdings Ltd.	Daniel R. Williams William M. Cameron Ricky W.K. So Derek Yong Teck Shing Paul Lam Sai Kwong
7					Tommy Lagerhelm
8					Robert John Barker
9	Ms. Ma, Xiaohong (100%)			Ms. Ma, Xiaohong Mr. Yu Song Chol	akimaru Myake akimaru Myake mes Sidney Macquenn
10					
11					
12					
13	Elite Capital Solutions (L) Ltd	Life Insurance Broker	21/1/2015	Neal Davies	Neal Davies
14	Careful Link Ltd	General & Direct Broker	3/12/2015	Timur Sinuraja	Timur Sinuraja
15	Cameron Asia Reinsurance Brokers Ltd	General Insurance Broker	3/12/2015	Cameron International Ltd. (78%) Witold Thomas Butler Curtis (22%)	Grant Cameron
16	HH Casualty and General Insurance (Labuan) Limited	General Insurer	3/12/2015	HH Casualty and General Insurance Limited (96%) HH Overseas Holdings Limited (4%)	Hermann Franz Randolph Vein
17	Quantum Wealth Group Ltd	Life Broker	5/8/2017	Mr. Tariq Mahmood Mirza (50%) Mr. Vaheed Mohades-Kassal (50%)	Mr. Tariq Mahmood Mirza Mr. Vaheed Mohades-Kassa
18	PI Ltd	Life Broker	27/7/2018	Mr. Roger David Weston Gumbrell (100%)	Mr. Roger David Weston Gumbrell
19	Golden Sunrise Finance Broking Company Limited	General Reinsurance Broker	27/7/2018	Ms. Ma, Xiaohong (100%)	Ms. Ma, Xiaohong Mr. Yu Song Chol
20	Montpeller (Labuan) Ltd	Life Broker	9/11/2016	Mr. Stuart Robert Williamson (100%)	Mr. Stuart Robert Williamson Ms. Diane Joy Docherty

# The DHID Case: Malaysian links

**EVERGREEN LINE**  
A Joint Service Agreement

**BILL OF LADING  
PROOFREAD  
NON-NEGOTIABLE**

(1) Shipper / Exporter  
LINKER LOGISTICS (M) SDN BHD  
52-1, JALAN MAHOCCANI 1,  
BANDAR BOTANIC, 41200 KLANG  
SELANGOR, MALAYSIA

(2) Document No.  
093700018581

(3) Consignee (complete name and address)  
KOREA PONGHWA GENERAL TRADING CORP  
C-S COMPANY  
JUNGSONGDONG, JUNG DISTRICT,  
PYONGYANG CITY DPR OF KOREA  
ATTN : MR. PAK CHOL UNG \*\*

(4) Notify Party (complete name and address)  
COMPLANT INTERNATIONAL  
TRANSPORTATION  
(DALIAN) CO., LTD.  
ROOM 1907, TIMES BUILD. NO. 7  
GANGWAN STREET, DALIAN, CHINA  
PIC : MS. RUBY KIM

(5) Place of Origin (for the Merchant's reference only)

(6) Also Notify Party (complete name and address)

(7) Forwarding Agent-References

(8) Point and Country of Origin (for the Merchant's reference only)

(9) Shipper's Reference

(10) Owner's Instructions/Export Instructions (which are contracted separately by Merchants estmately for their own account and risk)

(11) Ocean Vessel No.  
EVER URSULA 0351-129N

(12) Port of Loading  
DALIAN, CHINA

(13) Port of Discharge  
DALIAN, CHINA

(14) Container No. and Seal No.  
CONTAINER NO./SEAL NO.

(15) Particulars Furnished by the Merchant

(14) Container No. and Seal No.	(15) Particulars Furnished by the Merchant	(16) Measurement (M³)
HMCU3005897/20'	800 BAGS 20160.000 KGS 25.0000 CEM	100.0000 CBM 80,640.000 KGS
EYTU539568/20'	800 BAGS 20160.000 KGS 25.0000 CEM	
BITU0537098/20'	800 BAGS 20160.000 KGS 25.0000 CEM	
BITU0535351/20'	800 BAGS 20160.000 KGS 25.0000 CEM	
SOAP NOODLES G2000	SHIPPER LOAD, COUNT AND SEAL 4X20' GP: 80MT SOAP NOODLES G2000 PACKED IN 3200 BAGS X 25KG * TEL:0086-411-82798179 * THE BALANCE OF BILL OF LADING SEE ATTACHED LIST * TOTAL NUMBER OF ATTACHED 1 PAGE * OCEAN FREIGHT COLLECT * SHIPPER'S LOAD & COUNT 3200 BAGS	

(17) TOTAL NUMBER OF CONTAINERS OR PACKAGES (IN WORDS) FOUR (4) CONTAINERS ONLY

(18) FREIGHT & CHARGES

Revenue Tons	Rate	Per	Prepaid	Collect
	AS	ARRANGED		

(19) B/L No.  
BOLV  
093700018581

(20) Number of Original B/Ls  
THREE (3)

(21) Place of Issue (Country)  
PASIR GUDANG, MALAYSIA

(22) Prepaid at

(23) Collect at

(24) Service Type/Mode  
PCL/PCL O/O

(25) Laden on Board  
\*\* NOT FINAL \*\*

(26) Exchange Rate

(27) Exchange Rate

EVERGREEN MARINE CORP. (MALAYSIA) SDN BHD  
Please confirm OK within 24 hours.  
TEL: (07) 223-1559  
FAX: (07) 223-1532/221-5762

- Malaysian Suppliers
- Malaysian banks involved in payments
- Shipped to Dalian (later DPRK)
- Vessels could be linked to the same networks
- Trade is not sanctioned
- BUT involves sanctioned parties

# The DHID Case: Techniques Used

- Financial Transactions
- Front Companies
- Commodity Trade – Disguised shipments
- Shipping Techniques - Concealed Military Equipment
- Correspondent Banking
- Network Exploitation



# The DHID Case: Protect Yourself

Be wary of suspicious / dual use goods HS codes:

- 9306.90 – Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof
- 9014.20 – Instruments and appliances for aeronautical or space navigation (other than compasses)
- 8802.60 – Spacecraft (including satellites) and suborbital and spacecraft launch vehicles
- 8803.90 – Parts for 8802.60
- 8526.10 – Radar
- 8412.10 – Reaction engines other than turbo-jets
- 8411.11 – Turbo-jets: Of a thrust not exceeding 25 kN
- 8526.91 – Radio navigational aid apparatus
- 8463.90 – Other machine-tools for working metal or cermet's, without removing material.
- 6815.10 – Non-electrical articles of graphite or other carbon
- 2825.10 – Hydrazine and hydroxylamine and their inorganic salts
- 3801.10 – Artificial graphite
- 3801.90 – Preparations based on graphite or other carbon in the form of blocks, plates or other semimanufactures



# The DHID Case: Protect Yourself

- Extra vigilance of Dalian / **Dandong** addresses
  - possible to search sanctions databases by address
- Especially if the shipped items are sensitive / restricted / sanctioned
- Check for shared addresses / phone numbers / emails
- With shipping companies / vessels:
  - Be wary of companies with no internet presence
  - Be wary of companies in low due dil jurisdictions
  - Check vessel histories for flag / company shuffling
  - Check vessel IMOs in PoE documents etc

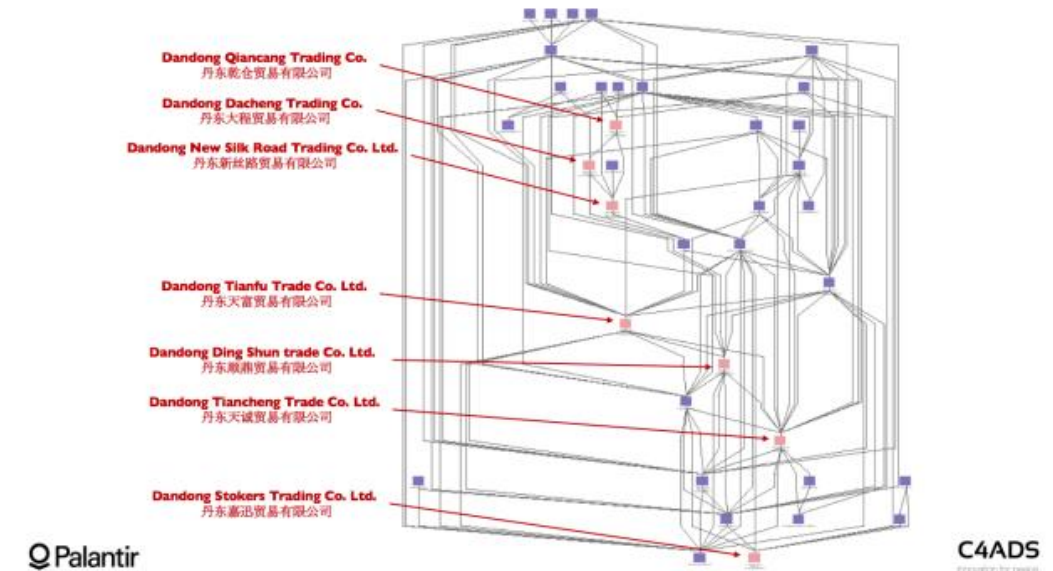


Figure 12: Extended Tianfu Network by Shared Identifiers

Entities on the graph are connected by management and shareholding relationships, as well as through shared identifiers.

# Any Questions?

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Thanks for your attention