

New Economic Sanctions on Iran: More Sound than Fury

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On June 24, 2019, President Trump signed an [Executive Order](#) (“EO” or “Order”) imposing new economic sanctions on the Supreme Leader of Iran, Ayatollah Ali Khamenei, and the Iranian Supreme Leader’s Office. The EO blocks all of the Supreme Leader’s property and interests in property in the United States, that come within the United States, or come within the possession or control of any United States person, and provides that such property may not be transferred, paid, exported, withdrawn, or otherwise dealt in.

The EO also authorizes the Secretary of Treasury to designate additional Iranian officials for blocking. It also authorizes the imposition of secondary sanctions on foreign financial institutions determined by the Secretary of the Treasury to have knowingly conducted or facilitated any significant financial transaction for or on behalf of any person whose property and interests in property are blocked pursuant to the Order.

In an action coordinated with the issuance of the EO, Secretary Mnuchin [announced](#) the designation by [OFAC](#) of the following senior military leaders pursuant to Executive Order 13224:

- Alireza Tangsiri, Commander of the Navy of the Islamic Revolutionary Guard Corps (also known as the “IRGC”), for his role in threatening to close the Strait of Hormuz;
- Amir Ali Hajizadeh, Commander of the Aerospace Force of the IRGC, for his role in downing a U.S. unmanned aircraft in international airspace; and
- General Mohammad Pakpour, Brigadier-General and Commander of the IRGC, for his role as leader of IRGC ground forces.

OFAC also designated five IRGC Naval District leaders pursuant to the same authority. Secretary Mnuchin also stated that Treasury intends to designate Mohammad Javad Zarif, the Foreign Affairs Minister of Iran, later this week.

The IRGC is already subject to extensive U.S. sanctions and those who do significant business with it risk being subject to a range of U.S. measures. For example, the IRGC was targeted as a weapons proliferator in 2007 under Executive Order 13382, as a human rights violator in 2011 under EO 13553, and as a foreign terrorist organization earlier this year (see our blog post on this designation [here](#)).

Against this backdrop of existing restrictions, the new sanctions appear unlikely to affect Iran’s trade or economy significantly, and it remains unclear whether the focus on individuals in Iran’s leadership will alter the political dynamic between the countries. However, third parties dealing with Iran and especially with assets in which these individuals have an interest—which could include entities found to be under the control of designated persons and individuals appointed to boards of directors by designated persons—should ensure they understand their risk of exposure to U.S. sanctions.

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If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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