



**TOP GLOVE, TOP QUALITY, TOP EFFICIENCY
GOOD HEALTH, SAFETY FIRST & BE HONEST**

INTERNATIONAL SANCTIONS

(CASE STUDY + PREVENTIVE MEASURES)



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➤ INTRODUCTION

International sanctions are actions taken by countries against others for political reasons, either unilaterally or multilaterally.

Most commonly impose by United Nation and or United States of America.

➤ TYPE OF SANCTIONS:

- 1) DIPLOMATIC SANCTIONS**
- 2) ECONOMIC SANCTIONS**
- 3) MILITARY SANCTIONS**
- 4) SPORT SANCTIONS**



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1) Diplomatic sanctions

The reduction or removal of diplomatic ties, such as embassies.
(**example:** the European Union imposed diplomatic sanctions on Cuba)

2) Economic sanctions

Typically a ban on trade, possibly limited to certain sectors such as armaments, or with certain exceptions (such as food and medicine)
(**example:** economic sanctions include the United Nations sanctions and or USA sanctions against South Africa, United Nations sanctions against Zimbabwe, United Nations sanctions against Iraq)

3) Military sanctions

Military intervention (**example:** North Korea)

4) Sport sanctions

Preventing one country's people and teams from competing in international events.
(**example:** Sports sanctions were used were the international sanctions against Federal Republic of Yugoslavia)



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Office of Foreign Assets Control (OFAC)



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***What* OFAC Compliance Means**

- The **Office of Foreign Assets Control (OFAC)** prohibits transactions with countries, entities, and individuals subject to boycotts, trade sanctions, and embargoes and enforces economic and trade sanctions based on U.S. foreign policy and national security goals.
- Targets foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction.
- All U.S. persons (which by legal definition includes firms) must abide by these sanctions —this is the meaning of compliance.



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Who Must Be in Compliance

All U.S. persons must comply with OFAC regulations, including

- * All U.S. citizens and permanent resident aliens regardless of where they are located,
- * All persons and entities within the United States,
- * **All U.S. incorporated entities and their foreign branches.**

Remark: In the cases of certain programs, such as those regarding Cuba and North Korea, all foreign subsidiaries owned or controlled by U.S. companies also must comply. Certain programs also require foreign persons in possession of U.S. origin goods to comply.



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Latest Sanctions Country Programs (1)

OFAC Sanctions Programs	SDN List Abbreviation	Program Last Updated:
Balkans-Related Sanctions	[BALKANS]	06/22/2010
Belarus Sanctions	[BELARUS]	02/01/2011
Burma Sanctions	[BURMA]	09/10/2010
Cote d'Ivoire (Ivory Coast)-Related Sanctions	[COTED]	01/06/2011
Counter Narcotics Trafficking Sanctions	[SDNT] ; [SDNTK]	02/24/2011
Counter Terrorism Sanctions	[SDGT] ; [FTO] ; [SDT]	03/24/2011
Cuba Sanctions	[CUBA]	03/11/2011
Democratic Republic of the Congo-Related Sanctions	[DRCONGO]	12/02/2010
Diamond Trading Sanctions	NONE	05/21/2008



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POTENTIAL HIGH RISK COUNTRY

1. YEMEN 2. ALGERIA

Latest Sanctions Country Programs(2)

OFAC Sanctions Programs	SDN List Abbreviation	Program Last Updated:
Iran Sanctions	[IRAN] ; [IRGC] ; [IFSR] ; [IRAN-HR]	02/23/2011
Iraq-Related Sanctions	[IRAQ]	09/13/2010
Former Liberian Regime of Charles Taylor Sanctions	[LIBERIA]	12/14/2010
Lebanon-Related Sanctions	[LEBANON]	07/30/2010
Libya Sanctions	[LIBYA2]	03/22/2011
Non-Proliferation Sanctions	[NPWMD]	03/24/2011
North Korea Sanctions	[NORTH KOREA] ; [DPRK]	02/09/2011
Somalia Sanctions	[SOMALIA]	11/03/2010
Sudan Sanctions	[SUDAN] ; [DARFUR]	10/20/2010
Syria Sanctions	[SYRIA]	07/10/2008
Zimbabwe Sanctions	[ZIMBABWE]	12/21/2010



BANNED: US TRADE SANCTIONS

In a world of increasingly free trade, the US routinely imposes its own trade sanctions on many nations. Typically they are for reasons relating to human-rights abuse and other hostile gestures. The more prominent of these sanctions are illustrated below:

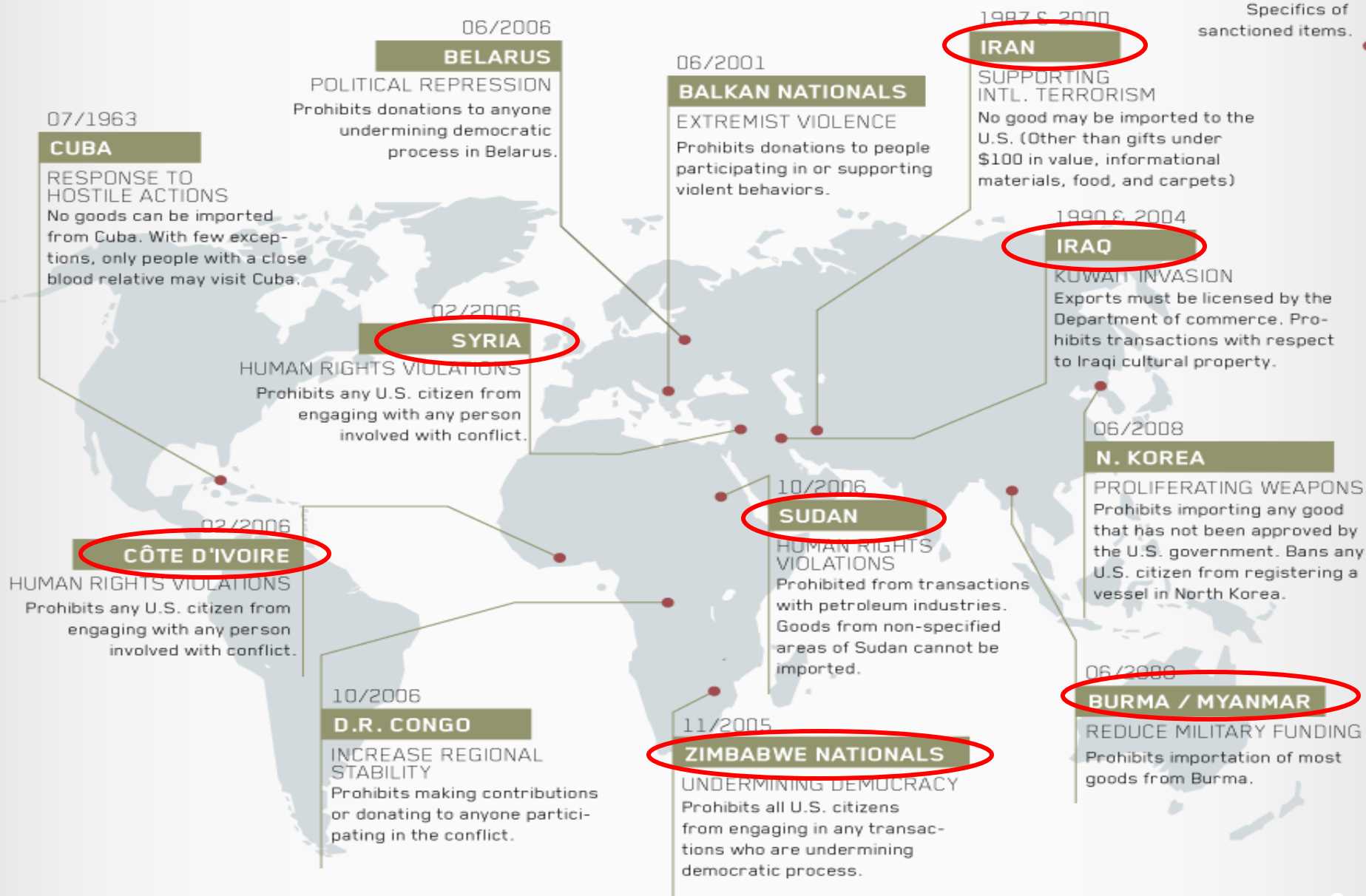
KEY:

DATE(s) ENACTED

GROUP / COUNTRY

REASON

Specifics of sanctioned items.





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Specially Designated Nationals (SDNs)

●What is an SDN?

As part of its enforcement efforts, OFAC publishes [a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries.](#)

A number of the named individuals and entities are known to move from country to country and may end up in unexpected locations. [U.S. persons are prohibited from dealing with SDNs wherever they are located and all SDN assets are blocked.](#)

●How often is the SDN list updated?

The SDN list is frequently updated. There is no predetermined timetable, but rather names are added or removed as necessary and appropriate. [It is important to check OFAC's website on a regular basis to ensure that your SDN list is current.](#)



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Violations and Penalties

Penalties for OFAC violations:

- * Criminal (Entities): Up to **\$1M**
- * Criminal (Individuals): Up to **\$1M / 10 -30years prison**
- * Civil Fines: from \$250,000 or twice the amount of each underlying transaction to \$1,075,000 for each violation.





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MEMO

TO : All MARKETING OIC
FROM : Mr. KM Lee
C.C : Tan Sri Dr. Lim, Wee-Chai, Executive Chairman,
DATE : February 19 2008
SUBJECT : **PAYMENT TERM BY LETTER OF CREDIT FOR COUNTRIES UNDER UN/US SANCTIONS**
REFERENCE NO: LKM/DOC/002/08

Reference is made to the above subject matter.

1. Please be informed that there are specific sanctions by United State and other Governments and/or regulatory authorities against certain countries, entities and individuals. Under these measures, banks may be unable to process a transaction that involves a breach of such sanctions. The bank is not liable if it, or any other person, fails or delays to perform the transaction, or disclosure of information as a result of actual or apparent breach of such transactions.

Presently our banks refuse to handle documentary transactions for some of the countries under sanctions (high risk) namely **Cuba, Iran, Myanmar, North Korea and Sudan**, while others fall under case to case basis subject to the bank consideration and acceptance from time to time.

Please refer to some of the useful websites below for more information in relation to the countries that fall under the sanction list.

- i) <http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml>
- ii) <http://documents.treasury.gov.uk/financialsanctions/sanctionsconlist.htm>

Continue..



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2. In Documentary Credit (L/C), the political and sovereign risks still exist and can not be eliminated for those countries under sanction list. Therefore, to ensure the US\$ payment under the L/C is not blocked by OFAC (Office of Foreign Assets Control)

-US or the authorities concerned, please be advise of the following guidelines :

- A. To negotiate with the buyer for the **preferred payment term as “100% TT In Advance Payment Before Shipment”** for all countries under sanction via banking institutions in other countries.
- B. If the buyer insists on payment term by L/C, the L/C must be a **“Clean, Irrevocable Confirmed L/C by a local prime bank”** incorporating the full details information of the approved license to release the fund by the OFAC and or the authorities concerned. In short, it is the sole responsibility of the buyer or the applicant of the L/C to obtain the **prior approval license** to release the fund stated in the L/C.
- C. Please refer to the company’s intranet under Documentation Department for
(i) Checklist for Documentary credit and
(ii) Instruction to open L/C (to Customer)

Please aware of the inherent risk involved and to ensure your adherence to the latest guidelines for implementation.

We appreciate and thank you for your kind cooperation.

CONTINUOUS IMPROVEMENT AND INNOVATION ARE OUR DUTIES

Best Regards,

KM Lee

Managing Director

c.c.Tan Sri Dr.Lim, Wee-Chai, Executive Chairman.

lkm/gac/19/02/08



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CASE STUDY

CUSTOMER: C.M.S

P.I NO: 2CMS01/002/06

L/C OPEN ON :25/02/2006

LATEST SHIPMENT DATE:14/04/2006

L/C EXPIRED ON: 24/05/2006

Problem:

Sale to Sanction Country – Sudan under L/C without OFAC license approval

Results:

- i) Withhold of payment by US Bank: Bank of New York For nearly 2 years.**
- ii) Loss of foreign exchange approx. RM 30,000**



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Proforma Invoice

TO
CMS
P.O BOX 297 KHARTOUM, SUDAN
Tel:
Fax:
Attention: MR SHARAF GHANDOUR

P.I. No. : 2CMS01/002/06
P.O. No. :
Revision No. :
Issued Date : Feb 10, 2006

Quantity (Cartons)	Quantity (PCS/PRS)	Description	Customer Item Code	Price CNF Port Sudan	Amount(USD)
Shipment From Malaysia					
1.	PCS	Latex Exam Powdered Gloves (White, Smooth, L, S) Brand: TOP GLOVE (with info of Randa) <u>Carton: 360mm x 245mm x 225mm</u> <u>Inner: 215mm x 120mm x 70mm</u> <u>Packing: 100 PCS/inner, 10 inners/carton</u>		Price / 1000 Pieces	
	2,000	2,000,000		18.00000	36,000.00
	3,000	3,000,000		18.50000	55,500.00
	5,000	5,000,000		Subtotal	91,500.00
	5,000	5,000,000		GRAND TOTAL	91,500.00

(US Dollar: NINETY ONE THOUSAND FIVE HUNDRED ONLY)

Quantity : 5,000 cartons = 1 x 40ft HC + 1 x 20ft GP
Quality : Meet ASTM D3578 (01) for Latex Exam Gloves
Brand : TOP GLOVE (with info of Randa)
Packing : 100 pieces per inner box, 10 inner boxes per outer carton
Terms of Payment : 100% TT IN ADVANCE or confirm L/C at site.
Required Shipment : 10/3/06 provided advance payment is received by 20/02/06
Port of Loading : Port Klang
Country of Origin of the Product : Malaysia
Port of Destination : Port Sudan
Validity : This Offer is valid until 13/2/06
Intermediary Bank :
Our Bank Information :
Our Bank's Name : STANDARD CHARTERED BANK MALAYSIA BERHAD
Our Bank's Address : NO. 11, 15 & 17, JLN KEPAYANG, 41050 KLANG, SELANGOR D.E, MALAYSIA
Our Bank's Tel/Fax : 60320744213 / 60320746836
Our Account Name : TOP GLOVE SDN BHD
Our Account No. : 708-170000328
Swift Number in Malaysia/USA : SCBLMYKXXXX / SCBUS33XXX

****Thank you for making the right decision in purchasing our TOP quality GLOVES.****





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LETTER OF CREDIT

06-12:40:38 zzKL001P01-6688-086430 1

*** Authentication Result: Correct with current key ***

----- Instance Type and Transmission -----

Original received from SWIFT
Priority : Normal
Message Output Reference : 1230 060301SCBLMYKXAXXX2673309251
Correspondent Input Reference : 0830 060301ABINAEAAAXXX5595076921

----- Message Header -----

Swift Output : FIN 710 Adv of Third Bank's Doc Credit
Sender : ABINAEAAAXXX
ARAB BANK FOR INVESTMENT AND FOREIGN TRADE
(HEAD OFFICE)
ABU DHABI AE
Receiver : SCBLMYKXXXXX
STANDARD CHARTERED BANK MALAYSIA BERHAD
(ALL OFFICES IN MALAYSIA)
KUALA LUMPUR MY
MUR : 100017

----- Message Text -----

27: Sequence of Total
1/1
40B: Form of Documentary Credit
IRREVOCABLE
ADDING OUR CONFIRMATION
20: Sender's Reference
ILC/0380/06
21: Documentary Credit Number
SAG L/C 35/2006
31C: Date of Issue
060225
31D: Date and Place of Expiry
060524 ABU DHABI
52A: Issuing Bank - BIC
BAKHSDKH
BANK OF KHARTOUM
KHARTOUM SD
50: Applicant
CENTRAL MEDICAL SUPPLIES PUBLIC
CORPORATION P.O.BOX 297 POSTAL CODE
11111 KHT SUDAN
TEL.461765 FAX.460935
59: Beneficiary - Name & Address
/708-170000328
TOP GLOVE SDN BHD. LOT 4969
JALAN TERATAI, BATU 6, OFF JALAN
MERU, 41050 KLANG SELANGOR, D.E.
MALAYSIA.
32B: Currency Code, Amount
Currency : USD (US DOLLAR)
Amount : #91,500.#
39B: Maximum Credit Amount
NOT EXCEEDING





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01/03/06-12:40:38

zzKL001P01-6688-086430

2

BY PAYMENT

43P: Partial Shipments

ALLOWED

43T: Transshipment

ALLOWED

44A: On Board/Disp/Taking Charge at/f

ANY SEA PORT IN MALAYSIA

44B: For Transportation to...

PORT SUDAN

44Z: Latest Date of Shipment

060414

45A: Descriptn of Goods &/or Services

C AND F COVERING MEDICINES

AS PER PROFORMA INVOICE NO.2CMS01/002/06 DATED 21.01.2006

46A: Documents Required

1) SIGNED COMMERCIAL INVOICE IN ONE ORIGINAL AND THREE COPIES.

2) FULL SET OF CLEAN ON BOARD BILL OF LADING ^{constant} (TO THE ORDER) BLANK
ENDORSED MARKED FREIGHT PREPAID NOTIFY G.DIRECTOR OF CENTRAL
MEDICAL SUPPLIES (CMS).

3) PACKING LIST IN ONE ORIGINAL AND THREE COPIES.

4) CERTIFICATE OF ORIGIN IN ONE ORIGINAL AND THREE COPIES.

5) CERTIFICATE OF ANALYSIS IN ONE ORIGINAL AND THREE COPIES.

47A: Additional Conditions

1) ALL DOCUMENTS SHOULD BEAR LC NO.SAG L/C 35/2006 AND THE MANUAL
SIGNATURE OF THE ISSUER.

2) INSURANCE COVERED LOCALLY BY THE APPLICANT.

3) PHOTOCOPIES OF DOCUMENTS ARE NOT ACCEPTABLE.

4) AN ADDITIONAL SET OF DOCUMENTS COMPRISING COPIES/PHOTOCOPIES OF
EACH DOCUMENT SHOULD BE PRESENTED TOGETHER WITH THE DOCUMENTS FOR
OUR RECORDS.

5) THIS L/C BEARS CONFIRMATION OF ARAB BANK FOR INVESTMENT AND
FOREIGN TRADE, ABU DHABI UAE, WITH WHOM THE NEGOTIATION IS
RESTRICTED.





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APPLICATION FOR THE RELEASE OF BLOCKED FUNDS

U.S. DEPARTMENT OF THE TREASURY		DO NOT WRITE IN THIS BOX - LICENSE APPROVAL ONLY VALID WITH OFAC SEAL	
OFFICE OF FOREIGN ASSETS CONTROL		THIS APPLICATION IS HEREBY: FACILITATE NO. _____	
APPLICATION FOR THE RELEASE OF BLOCKED FUNDS		G APPROVED, AND FUNDS MAY BE UNBLOCKED AND RELEASED, WITH VALUE: G TO ORIGINATOR OR ORIGINATING BANK G IN ACCORDANCE WITH ORIGINAL PAYMENT INSTRUCTIONS	
(WHEN APPROVED, THIS DOCUMENT BECOMES A SPECIFIC LICENSE AUTHORIZING THE UNBLOCKING OF THE SUBJECT FUNDS AND THEIR RELEASE ACCORDING TO THE TERMS HEREOF)		G DENIED (SEE ATTACHED EXPLANATION)	
		G RETURNED WITHOUT ACTION (SEE ATTACHED CHECKLIST)	
TYPE OF REQUEST (CHECK APPROPRIATE BOX) <input checked="" type="checkbox"/> LICENSE APPLICATION <input type="checkbox"/> REQUEST FOR RECONSIDERATION (PROVIDE FAC NO. OF PREVIOUS AGENCY ACTION (IF KNOWN): _____)			
APPLICANT INFORMATION			
APPLICANT TOP GLOVE SDN BHD		ADDRESS LINE 1 LOT 4969 JALAN TERATAI BATU 6 OFF JALAN MERU 41050 KLANG SELANGOR D.E. MALAYSIA	
CITY KLANG		STATE SELANGOR	
CONTACT PERSON MR. LEE KIM MEOW		TELEPHONE 03-33921992 03-33929750	
FAX NUMBER 03-33921291 03-33928410			
POSTAL CODE 41050		COUNTRY MALAYSIA	
SOCIAL SECURITY/TAXPAYER ID. NO. (Required for US Persons)		E-MAIL ADDRESS	
CORPORATIONS AND OTHER ENTITIES			
PRINCIPAL PLACE OF BUSINESS KLANG, SELANGOR MALAYSIA		STATE OF INCORPORATION OR ORGANIZATION SELANGOR D.E.	
EMPLOYER IDENTIFICATION NUMBER 220483-T			
THE FOLLOWING INFORMATION, IF KNOWN, SHOULD BE PROVIDED CONCERNING THE BLOCKED FUNDS (USE PAGE 2 AS NEEDED)			
NAME & ADDRESS OF FINANCIAL INSTITUTION WHICH BLOCKED FUNDS BANK OF NEW YORK MELLON, ONE WALL STREET NEW YORK, NY 10286 USA		AMOUNT BLOCKED USD91,500.00	
DATE OF THE BLOCKING APRIL 27, 2006			
REMITTER NAME & ADDRESS BANK OF KHARTOUM KHARTOUM SD		REMITTING FINANCIAL INSTITUTION NAME & ADDRESS ARAB BANK FOR INVESTMENT AND FOREIGN TRADE, ABU DHABI, U.A.E.	
INTERMEDIARY FINANCIAL INSTITUTION(S) NAME & ADDRESS BANK OF NEW YORK MELLON, ONE WALL STREET NEW YORK, NY 10286 USA		BENEFICIARY FINANCIAL INSTITUTION NAME & ADDRESS MAYBANK, LEVEL 2#10, PERSIARAN PERBANDARAN, SECTION 14, 4000 SHAH ALAM, SELANGOR MALAYSIA	
BENEFICIARY NAME & ADDRESS TOP GLOVE SDN BHD LOT 4969 JALAN TERATAI BATU 6 OFF JALAN MERU 41050 KLANG, SELANGOR DE MALAYSIA		DESCRIPTION OF UNDERLYING TRANSACTION (ATTACH SEPARATE SHEET AS NEEDED) COMMERCIAL INVOICE, BILL OF LADING, CERTIFICATE OF ORIGIN, PACKING LIST	
APPLICATION CERTIFICATION: I, THE UNDERSIGNED, HEREBY DECLARE THAT, TO THE BEST OF MY KNOWLEDGE, THE INFORMATION PROVIDED ON THIS APPLICATION AND ANY ACCOMPANYING DOCUMENTATION IS TRUTHFUL AND COMPLETE.			
SIGNATURE 		NAME OF SIGNER MR. LEE KIM MEOW	
TITLE OF SIGNER MANAGING DIRECTOR		DATE PREPARED 17th April 2008	
ADDITIONAL COPIES OF THIS FORM MAY BE OBTAINED FROM OFAC'S WEBSITE AT NO CHARGE: < http://www.treas.gov/ofac >			



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LETTER OF RELEASE

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

License No. SU-2676

Bank of New York
101 Barclay Street, 18W
New York, NY 10286

Attn: Christine Arrata

Reference is made to the following blocked funds transfer:

Originating Bank:	Arab Bank for Investment and Foreign Trade
Value Date:	03-MAY-06
Amount:	USD 91,500.00
Intermediary Bank:	Wachovia Bank N.A.
Beneficiary Bank:	Malayan Banking Berhad

Bank of New York blocked this transfer pursuant to U.S. sanctions administered by the Office of Foreign Assets Control ("OFAC"). OFAC has carefully reviewed the information presented and otherwise available to it in connection with this transfer and has determined that Bank of New York is authorized to return the funds to the originator or originating financial institution.

Sincerely,

Clara David
for Elizabeth W. Farrow

Assistant Director for Licensing
Office of Foreign Assets Control

6/3/08
Date

cc: Top Glove SDN BHD
Lot 4969
Jalan Terati, Batu 6, Off Jalan
Meru, 415050 Klang
Selangor D.E.,
Malaysia
Attn: Mr. Lee Kim Meow

Yy Yy
Good news!
19/6/08





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Preventive Measures

- ④ **Check L/C to ensure Sale Payment Term by L/C must have OFAC License approval.**
- ④ **Preferably all sales to Sanction Countries by Advance 100% TT payment.**
- ④ **To check & verify all booking of vessel under CIF / CFR not falls under Sanction Countries.**
- ④ **To inform & advise buyer all nomination of vessel under FOB not falls under Sanction Countries.**
- ④ **To check all bank credit rating for establishment of L/C to high risks countries.**