

Treasury Designates Shipping Network Engaged in Ship-to-Ship Transfers with North Korean Vessels

August 30, 2019

Actions Enforce Existing United Nations and U.S. Sanctions

WASHINGTON – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) announced North Korea-related designations of two individuals and three entities, and further identified one vessel as blocked property, continuing the implementation and enforcement of existing sanctions. This action highlights North Korea’s continued use of illicit ship-to-ship (STS) transfers to circumvent United Nations (UN) sanctions that restrict the import of petroleum products, as well as the U.S. Government’s commitment to implement existing UN Security Council Resolutions (UNSCRs).

“Treasury will implement and enforce existing US and UN sanctions on individuals, entities, and vessels involved in illicit ship-to-ship transfers with North Korean flagged vessels,” said Treasury Under Secretary Sigal Mandelker. “Shipping companies trading with North Korea are exposing themselves to significant sanctions risk, despite the deceptive practices they try to employ.”

OFAC designated Taiwan-based individuals Huang Wang Ken and Chen Mei Hsiang and the Taiwan-based entities Jui Pang Shipping Co Ltd (Jui Pang) and Jui Zong Ship Management Co Ltd (Jui Zong), as well as Hong Kong-based entity Jui Cheng Shipping Company Limited (Jui Cheng), pursuant to Executive Order (E.O.) 13810 for having engaged in at least one significant importation from or exportation to North Korea of any goods, services, or technology.

In addition, OFAC identified the vessel *Shang Yuan Bao* (IMO: 8126070) as blocked property in which Huang Wang Ken, Chen Mei Hsiang, Jui Pang, Jui Cheng, and Jui Zong all have an interest. In October 2018, the UN Security Council’s 1718 Committee included the *Shang Yuan Bao* in a port entry ban and designated it for deflagging in response to its involvement in illicit ship-to-ship transfers with DPRK-flagged vessels.

The United States acknowledges and is grateful for Taiwan’s continued efforts to combat the DPRK’s efforts to evade sanctions and to obtain resources for its WMD and missile programs.

North Korea’s Use of Illicit Ship-to-Ship Transfers

North Korea's continued use of illicit STS transfers to import refined petroleum is in direct violation of UNSCR 2375 and UNSCR 2397. Through STS transfers and other illicit activities, North Korea continues to evade UN sanctions. In addition to STS transfers, North Korea is obtaining refined petroleum through deliveries that are made directly into North Korea from non-DPRK-flagged tankers. These deliveries also are not reported to the UN 1718 Committee by any Member State. The cumulative effect of these deliveries is that the UN 1718 Committee's official accounting of the DPRK's imports vastly underrepresents the volume of refined petroleum products that actually enter the DPRK via its fleet of oil tankers and other associated vessels. The restriction on the DPRK's refined petroleum imports imposed by UN Security Council Resolution 2397 is a critical part of the UN sanctions regime, and the international community must implement and enforce all existing sanctions and take action against those evading these sanctions.

Today's designated entities participated in STS transfers, a method of transferring cargo from one ship to another while at sea rather than while located in port, to enable North Korea's import of refined petroleum products. This out-of-port transfer method is a deceptive practice commonly used by North Korea to enable sanctions evasion.

Use of the *Shang Yuan Bao* to Engage in Illicit Ship-to-Ship Transfers to Evade UN Sanctions

In 2018, the *Shang Yuan Bao* conducted at least two STS transfers with DPRK-flagged vessels, which both later offloaded their cargo in North Korea's Nampo port. Between April and May 2018, Huang Wang Ken, the CEO and largest shareholder in Jui Pang, a Taiwan marine cargo handling company, worked with several other individuals to use the Panama-flagged vessel *Shang Yuan Bao* to transport 1.7 million liters of petroleum products to the UN- and U.S.-designated North Korea-flagged vessel *Paek Ma* through an STS transfer. Huang and his partners falsely reported that the petroleum products were destined for the Philippines. The *Shang Yuan Bao*, however, transported them beyond the territorial waters of any state to carry out the STS transfer to the *Paek Ma*, which was identified February 23, 2018 as property in which Paekma Shipping Co — an entity whose property and interests in property were blocked pursuant to E.O. 13810 also on February 23, 2018 — has an interest. In June 2018, the *Shang Yuan Bao* carried out an additional STS transfer of petroleum with another North Korea-flagged vessel, the *Myong Ryu 1*.

OFAC assesses that the persons who owned and controlled the *Shang Yuan Bao* at the time of the petroleum transfers are ultimately responsible for the petroleum products that were illicitly transferred to the North Korean vessels and ultimately delivered to North Korean territory. This

includes Chen Mei Hsiang, who is a member of the board of directors of Jui Pang as well as the director and sole owner of Jui Zong. Chen Mei Hsiang is also married to Huang Wang Ken.

OFAC also designated Taiwan companies Jui Pang and Jui Zong, as well as Hong Kong company Jui Cheng, for engaging in a significant importation from or exportation to North Korea through their ownership and control of the *Shang Yuan Bao* when it engaged in these STS transfers.

As a result of today's action, all property and interests in property of these individuals and entities that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons.

In addition, persons that engage in certain transactions with the persons designated today may themselves be exposed to designation. Furthermore, any foreign financial institution that knowingly facilitates a significant transaction or provides significant financial services for any of the individuals designated today could be subject to U.S. correspondent account or payable-through sanctions.

For identifying information on the entity and individual sanctioned today, click [here](#).

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