WASHINGTON — Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) sanctioned two individuals, Li Zhenyu and Xinrong Zhuo, and the networks of entities they control, including Dalian Ocean Fishing Co., Ltd. and Pingtan Marine Enterprise, Ltd. (Nasdaq: PME) along with eight other affiliated entities. Additionally, this action identifies 157 People’s Republic of China (PRC) flagged fishing vessels in which these entities have an interest.

These actions are taken pursuant to Executive Order (E.O.) 13818, which builds upon and implements the Global Magnitsky Human Rights Accountability Act and targets perpetrators of serious human rights abuse and corruption around the world. Today’s action demonstrates the U.S. government’s ongoing effort to impose tangible and significant consequences on those engaged in serious human rights abuse, including on those vessels engaged in illegal, unreported, and unregulated (IUU) fishing.

On June 27, 2022, President Biden issued the Memorandum on Combating Illegal, Unreported, and Unregulated Fishing and Associated Labor Abuses. The Memorandum notes that, if left unchecked, IUU fishing and associated labor abuses threaten the livelihoods and human rights of fishers around the world and will undermine U.S. economic competitiveness, national security, and fishery sustainability. Moreover, this behavior will exacerbate the environmental and socioeconomic effects of climate change.

“Treasury condemns the practices of those sanctioned today, which often involve the abuse of human rights, undermine fundamental labor and environmental standards, and harm the economic prospects of local populations in the Indo-Pacific,” said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. “These designations
demonstrate how seriously we take the problem of illicit fishing and our commitment to holding the perpetrators of serious human rights abuses to account.”

This is the first time Treasury has designated an entity listed on the NASDAQ stock exchange.

**ILLEGAL, UNREPORTED, AND UNREGULATED FISHING**

IUU fishing is a global and often unrecognized problem that threatens ocean ecosystems and sustainable fisheries. IUU fishing refers to fishing practices that are conducted in contravention of applicable laws and regulations, fishing that is not reported or misreported to relevant authorities, or fishing in unregulated areas or for unregulated species in ways that are inconsistent with countries’ conservation responsibilities. IUU also is associated with distant water fishing (DWF), where fleets fish in other countries’ waters or in international waters to meet the growing demand for seafood. China’s DWF fleet is the largest in the world.

IUU fishing and DWF fleets have a reputation for rampant abuse of crewmembers. According to the International Labor Organization, there are strong links between IUU fishing and the use of forced labor on board. Fishing often takes place in extreme isolation with unique vulnerabilities presented in terms of working hours and conditions, wages, and access to health care and communication technologies. The work is often carried out by migrants, who are particularly vulnerable to deception and coercion in recruitment and employment.

According to the National Oceanic and Atmospheric Administration, “addressing forced labor is particularly challenging within the seafood industry. Vessels sometimes spend months to years at sea, impeding the escape from, or the reporting of, labor abuse. Emotional and physical abuse, sometimes resulting in death; excessive overtime; poor living conditions; deceptive or coercive recruiting; and non-payment or underpayment of wages are some examples of the abuses sustained by fishing sector workers subjected to human trafficking, including forced labor.”

These designations are the latest U.S. government actions in an ongoing effort to deter IUU fishing and associated human rights abuses in the international fishing industry.

**DALIAN OCEAN FISHING CO., LTD.**
As the owner and manager of 32 fishing vessels, Dalian Ocean Fishing Co. Ltd. (DOF) is responsible for the day-to-day operations of its fleet. In February 2019, one of DOF’s fishing vessels, LONG XING 629, went to sea with a crew of 24, operating in the Pacific Ocean until April 2020. While the LONG XING 629 was licensed to catch tuna during its voyage, it also was reportedly engaged in illegal shark finning, taking over 700kg of fins, including from endangered sharks. After 13 months without a port visit, with average workdays lasting 18 hours and living off expired food and brown desalinated seawater, five crewmembers had died; at-sea refueling and transshipments of fish to refrigerated cargo vessels known as “reefers” allowed the ship to operate without interruption. The bodies of three crewmembers who died at sea were dumped into the ocean rather than repatriated home. When the surviving crewmembers returned home, they were diagnosed with malnutrition and received only a fraction of their promised pay. They have since described deceptive recruiting practices, the confiscation of identity documents, punishing work, and physical abuse.

Subsequent investigation found that similar abuses occurred across DOF’s fleet, with widespread reports of physical assault, malnutrition, overwork, withheld pay, and five more crewmember deaths. Based on their contracts, crewmembers who left the ship would forfeit their salaries while still owing the recruiting fees they had agreed to pay out of future earnings, leading to the potential for intergenerational debt bondage. Other vessels stayed at sea for more than two years without a port visit, meaning no access to the outside world or any way to let others know of the oppressive conditions. Through all of this, DOF received almost $8 million annually in PRC government subsidies encouraging distant water fishing.

OFAC designated DOF’s chairman and general manager, Li Zhenyu (Li), pursuant to E.O. 13818, for being a foreign person who is a leader or official of an entity, including any government entity, that has engaged in, or whose members have engaged in serious human rights abuse relating to the leader’s or official’s tenure.

OFAC designated DOF pursuant to E.O. 13818 for being owned or controlled by Li.

OFAC also identified 32 vessels in which DOF has an interest and are therefore blocked property.

PINGTAN MARINE ENTERPRISE, LTD.
Cayman Islands-registered **Pingtan Marine Enterprise, Ltd (PME)** operates a large fleet of nearly 100 fishing vessels and reefer through its subsidiary, China-based **Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd. (Pingtan Fishing)**, and its affiliated company, **Fuzhou Honglong Ocean Fishing Co., Ltd. (Honglong)**, along with roughly 2,000 crewmembers. In 2021, Pingtan Fishing received a $19 million subsidy from the PRC government as an incentive to develop its DWF industry to satisfy China’s demand for seafood. Its vessels have been involved in serious human rights abuse and implicated in IUU fishing and other illegal activity in Indonesia, East Timor, and Ecuador. This includes the 2017 seizure of a Honglong-owned vessel and the arrest and imprisonment of the vessel’s crew after the Ecuadorian Navy found it had illegally transshipped more than 6,600 shark carcasses, including from endangered species, through the waters of the protected Galapagos Marine Reserve. Additionally, in 2016, an Indonesian court ordered a moratorium on PME’s fishing activities and the impoundment of its affiliate vessels in Indonesia following allegations against an affiliated company that included human rights abuse.

Crewmembers, already enduring miserable conditions, overwork, and extreme isolation aboard Pingtan Fishing-owned vessels, have reported instances of physical violence and forced labor. In one case, after crewmembers reportedly contacted their families for the first time in seven months and learned they had not been paid, a crewmember’s request to leave the ship was denied and food was withheld for three days. Crews that had completed their contracts, but who were forced to continue working for months in light of COVID restrictions, learned only later that they were never paid at all. Still others reported physical abuse. On another ship, a grossly negligent response to an accident contributed to the death of a crewmember after it took over two weeks to get the seriously injured crewmember to see a doctor aboard another ship. In another case, crewmembers on one ship only learned of the global pandemic in May 2020, after they arrived in port for the first time in over a year.

OFAC designated PME’s founder, chairman, and CEO, **Xinrong Zhuo (Zhuo)**, pursuant to E.O. 13818, for being a foreign person who is a leader or official of an entity, including any government entity, that has engaged in, or whose members have engaged in serious human rights abuse relating to the leader’s or official’s tenure.

OFAC also designated, pursuant to E.O. 13818, PME, **Heroic Treasure Limited**, and **Mars Harvest Co., Ltd.** for being owned or controlled by Zhuo; the British Virgin Islands-registered **Merchant Supreme Co., Ltd. (Merchant)** for being owned or controlled by PME; Hong Kong-registered **Prime Cheer Corporation Ltd. (Prime)** for being owned or controlled by
Merchant; PRC-registered Pingtan Guansheng Ocean Fishing Co., Ltd. (Guansheng) for being owned or controlled by Prime; Fujian Heyue Marine Fishing Development Co., Ltd. (Heyue) for being owned or controlled by Guansheng; and Pingtan Fishing for being owned or controlled by Heyue.

Additionally, OFAC designated Honglong, pursuant to E.O. 13818, for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, PME. Honglong, which is owned by Zhuo’s family, provided PME with millions of dollars’ worth of fuel and supplies for their vessels. PME and Honglong have used each other’s vessels to collateralize loans worth hundreds of millions of dollars, and PME claims exclusive operating rights to 20 of Honglong’s vessels.

OFAC also identified 78 vessels in which Pingtan Fishing has an interest and are therefore blocked property.

OFAC also identified 47 vessels in which Honglong has an interest and are therefore blocked property.

Concurrent with these actions, OFAC is issuing two general licenses (GLs), Global Magnitsky GLs 3 and 4. GL 3 authorizes U.S. persons to engage in certain transactions ordinarily incident and necessary to the wind down of financial contracts and other agreements related to PME, or the divestment or transfer of debt or equity of PME, which is currently listed on the NASDAQ stock exchange, to a non-U.S. person through 12:01 a.m. eastern standard time, March 9, 2023.

GL 4 authorizes U.S. persons to engage in transactions that are ordinarily incident and necessary to the wind down of transactions involving a vessel in which one or more of the blocked entities identified above have an interest, through 12:01 a.m. eastern standard time, March 9, 2023. For additional details, see GL 3 and GL 4, as well as adjoining FAQs 1100, 1101, and 1102.

SANCTIONS IMPLICATIONS

As a result of today’s action, all property and interests in property of the persons described above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly,
individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or otherwise exempt, OFAC’s regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any designated person, or the receipt of any contribution or provision of funds, goods, or services from any such person.

The power and integrity of OFAC sanctions derive not only from OFAC’s ability to designate and add persons to the SDN List, but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish, but to bring about a positive change in behavior. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to OFAC’s Frequently Asked Question 897 here. For detailed information on the process to submit a request for removal from an OFAC sanctions list, please click here.

GLOBAL MAGNITSKY

Building upon the Global Magnitsky Human Rights Accountability Act, E.O. 13818 was issued on December 20, 2017, in recognition that the prevalence of human rights abuse and corruption that have their source, in whole or in substantial part, outside the United States, had reached such scope and gravity as to threaten the stability of international political and economic systems. Human rights abuse and corruption undermine the values that form an essential foundation of stable, secure, and functioning societies; have devastating impacts on individuals; weaken democratic institutions; degrade the rule of law; perpetuate violent conflicts; facilitate the activities of dangerous persons; and undermine economic markets. The United States seeks to impose tangible and significant consequences on those who commit serious human rights abuse or engage in corruption, as well as to protect the financial system of the United States from abuse by these same persons.

Click here to view identifying information on the individuals and entities designated today, as well as a list of identified vessels.