WASHINGTON — Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) is designating a network of five companies and one individual for supporting Iran’s unmanned aerial vehicle (UAV) procurement efforts. This People’s Republic of China-based network is responsible for the sale and shipment of thousands of aerospace components, including components that can be used for UAV applications, to the Iran Aircraft Manufacturing Industrial Company (HESA). HESA has been involved in the production of the Shahed-136 UAV model that Iran has used to attack oil tankers and has exported to Russia. HESA was designated pursuant to Executive Order (E.O.) 13382 on September 17, 2008 for being owned or controlled by Iran’s Ministry of Defense and Armed Forces Logistics (MODAFL) and for having provided support to Iran’s Islamic Revolutionary Guard Corps (IRGC).

“Iran is directly implicated in the Ukrainian civilian casualties that result from Russia’s use of Iranian UAVs in Ukraine,” said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. “The United States will continue to target global Iranian procurement networks that supply Russia with deadly UAVs for use in its illegal war in Ukraine.”

Today’s actions are taken pursuant to E.O. 13382, which targets weapons of mass destruction proliferators and their supporters. Since September 2022, the United States has issued six rounds of designations of individuals and entities involved in the production and transfer of Iranian UAVs.

**SALE AND SHIPMENT OF UAV COMPONENTS TO IRAN**

Hangzhou Fuyang Koto Machinery Co., Ltd (Koto Machinery), a China-based company, used its business infrastructure to facilitate the sale and shipment of aerospace components, including light aircraft engines applicable for Iran’s Shahed series UAVs, to HESA in Iran. To obscure its activity, Koto Machinery used Hong Kong-based front company, Raven International Trade Limited (Raven), to facilitate transactions worth millions of dollars for aerospace components.

China-based Guilin Alpha Rubber & Plastics Technology Co., Ltd (Guilin Alpha) has facilitated the sale and shipment of thousands of aerospace components worth over a million dollars to HESA in
Iran.

China-based S&C Trade PTY Co., Ltd (S&C Trade), its China-based employee Yun Xia Yuan, and China-based Shenzhen Caspro Technology Co., Ltd (Caspro), have facilitated the sale and shipment of thousands of aerospace components worth hundreds of thousands of dollars for fixed-wing, rotorcraft, and UAV applications to HESA in Iran.

Koto Machinery, Raven, Guilin Alpha, S&C Trade and Caspro are all being designated pursuant to E.O. 13382 for having provided, or attempted to provide, financial, material, technological or other support for, or goods or services in support of, HESA. Yun Xia Yuan is being designated pursuant to E.O. 13382 for acting or purporting to act for or on behalf of, directly or indirectly, S&C Trade.

**SANCTIONS IMPLICATIONS**

As a result of today's action, all property and interests in property of the 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. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. All transactions 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 are prohibited.

In addition, persons that engage in certain transactions with the individuals or entities designated today may themselves be exposed to sanctions. Furthermore, any foreign financial institution that knowingly facilitates a significant transaction or provides significant financial services for any of the individuals or entities designated today pursuant to E.O. 13382 could be subject to U.S. sanctions.

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 FAQ 897.

Click here for identifying information on the individuals and entities designated today.

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