Treasury Targets Actors in Bosnia and Herzegovina Undermining Stability and Perpetuating Corruption

March 15, 2023

WASHINGTON – Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated three individuals in Bosnia and Herzegovina (BiH) pursuant to Executive Orders (E.O.) 14033 or E.O. 14059. These designations build on other recent OFAC sanctions in the region and, collectively underscore the United States' willingness to hold accountable those who are undermining democratic institutions and furthering their agendas for political and personal gain, at the expense of peace, stability, and progress in the Western Balkans.

"The three individuals designated today constitute a threat to regional stability, institutional trust, and the aspirations of those seeking democratic governance in the Western Balkans," said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. "The United States will continue to target those who perpetuate corruption and undermine the postwar agreements and institutions established as part of the hard-won Dayton Peace Agreement."

PERPETUATING CORRUPTION BY MISUSING STATE RESOURCES FOR PARTY GAIN

In his official capacity as the Director General for BiH's Intelligence Security Agency, BiH national Osman "Osmica" Mehmedagic (Mehmedagic) misused a state-owned telecommunications company for the benefit of the Party of Democratic Action (SDA), one of BiH's largest political parties. Mehmedagic used state-owned telecommunications company BH Telecom to collect cellular activity on BiH politicians not affiliated with the SDA. Mehmedagic also instructed an individual to monitor a government official affiliated with a Republika Srpska (RS) entity opposition party.

Additionally, Mehmedagic has used his position, threats, and connections to sway candidates from "Osmorka" ("Eight"), a group of Bosniak and civic parties from BiH, to support the SDA. There is also credible information that Mehmedagic has collaborated with criminal networks to enrich himself and his political party.

OFAC today is designating Mehmedagic pursuant to E.O. 14033 for being complicit in, or having directly or indirectly engaged in, corruption related to the Western Balkans, including corruption by, on behalf of, or otherwise related to a government in the Western Balkans, or a current or former

government official at any level of government in the Western Balkans, such as the misappropriation of public assets, expropriation of private assets for personal gain or political purposes, or bribery.

OBSTRUCTING OR THREATENING THE IMPLEMENTATION OF THE DAYTON PEACE AGREEMENT

As Acting Director and later Director of the Republika Srpska Administration for Geodetic and Property Affairs (RUGIP), BiH national **Dragan Stankovic (Stankovic)** headed the agency responsible for the April 2022 RS immovable property law that directly challenged BiH's constitutional order, which undermines the Dayton Peace Agreement. As established in the 1995 Dayton Peace Agreement, which includes the present-day constitution of BiH and continues to be the basis for BiH's structure of government, BiH consists of two entities: the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska. The RS property law attempted usurpation of BiH state authority over state property located in the RS in violation of BiH Constitutional Court decisions, the BiH Constitution, and a 2005 state property disposal ban imposed by the Office of the High Representative. In his public statements on the property law echoing those of U.S.-sanctioned RS President Milorad Dodik and other RS leaders, Stankovic claimed that the state has no authority over immovable property located in the RS. On September 22, 2022, the BiH Constitutional Court concluded that the property law, like its predecessors, contravened the BiH Constitution, which is wholly enclosed as Annex IV of the Dayton Peace Agreement.

OFAC today is designating Stankovic pursuant to E.O. 14033 for being responsible for or complicit in, or having directly or indirectly engaged in, an act that has obstructed or threatened the implementation of the Dayton Peace Agreement.

SIGNIFICANT BALKANS NARCOTICS TRAFFICKER CONTRIBUTING TO PROFILERATION OF ILLICIT DRUGS

Edin Gacanin (Gacanin) is one of the world's most prolific drug traffickers. A native of Sarajevo, Gacanin is the leader of the Tito and Dino Cartel, which includes his family members and his friends from BiH. In addition to narcotics trafficking efforts across multiple countries, Gacanin's cartel is involved in money laundering and is closely linked to the Kinahan Organized Crime Group, a Transnational Criminal Organization previously designated by OFAC pursuant to E.O. 13581, as amended by E.O. 13863, for its role as a significant transnational criminal organization.

OFAC today is designating Gacanin pursuant to E.O. 14059 for having engaged in, or having attempted to engage in, activities or transactions that have materially contributed to, or pose a

significant risk of materially contributing to, the international proliferation of illicit drugs or their means of production.

Today's sanctions against Gacanin were coordinated closely with the U.S. Drug Enforcement Administration, the European Union Agency for Law Enforcement Cooperation (Europol), and the governments of The Netherlands, France, and Belgium.

SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the designated 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. All transactions by U.S. persons within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons are prohibited unless authorized by a general or specific license issued by OFAC, or exempt. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person, or the receipt of any contribution or provision of funds, goods, or services from any such person. In addition, financial institutions and other persons that engage in certain transactions or activities with the sanctioned entities and individuals may expose themselves to sanctions or be subject to an enforcement action.

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. For detailed information on the process to submit a request for removal from an OFAC sanctions list, click here.

For identifying information on the individuals and entities sanctioned today, click here.

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