

# Treasury Targets Price Cap Violation Network and Implements G7 Ban on Russian Diamonds


February 8, 2024


WASHINGTON — Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is taking its second price cap enforcement action of 2024, imposing sanctions on four entities and identifying one vessel as blocked property. The network of these entities and the vessel were involved in a price cap violation scheme in late 2023. OFAC is also issuing two new determinations that implement G7 commitments to ban the importation of Russian diamonds.

“Russia’s own top energy official admits that the coalition’s price cap and our sanctions have led to widening discounts on Russian oil, limiting the revenue the Kremlin relies on for its illegal war,” said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. “Today’s action against vessels violating the price cap on Russian oil should serve as a continued warning that we can and will enforce violations of the cap. Further, OFAC’s determinations help us meet the commitments made by G7 leaders in December to reduce Russian revenue derived from the diamond trade.”

## THE PRICE CAP

The United States is part of an international coalition of countries (the Price Cap Coalition), including the G7, the European Union, and Australia, that have agreed to prohibit the import of crude oil and petroleum products of Russian Federation origin (“Russian oil”). These countries, home to many best-in-class financial and professional services, have also agreed to restrict a broad range of services related to the maritime transport of Russian oil—unless that Russian oil is bought and sold at or below the specific price caps established by the Coalition or is authorized by a license. This policy is known as the “price cap.” The price cap is intended to maintain a reliable supply of crude oil and petroleum products to the global market while reducing the revenues the Russian Federation earns from oil after its own war of choice against Ukraine inflated global energy prices.

On February 1, 2024, the Price Cap Coalition published an [Oil Price Cap \(OPC\) Compliance and Enforcement Alert](#)  (the “Alert”). The Alert, which is directed at both government and industry stakeholders, provides examples of specific evasion methods to improve compliance measures, and provides avenues to report suspected oil price cap breaches to members of the Price Cap Coalition.

On December 20, 2023, OFAC, [in coordination with the Price Cap Coalition](#) , updated its [Guidance on Implementation of the Price Cap Policy for Crude Oil and Petroleum Products of Russian Federation Origin](#), to strengthen the attestation and recordkeeping processes for certain covered service providers and reduce opportunities for bad actors to disguise Russian oil purchased above the cap.

On October 12, 2023, the Price Cap Coalition published a [Coalition Advisory for the Maritime Oil Industry and Related Sectors](#) (“the Advisory”). The Advisory, which is directed at both government and private sector actors involved in the maritime trade of Russian oil, provides recommendations concerning specific best practices and reflects our commitment to promoting responsible practices in the industry, preventing and disrupting sanctioned trade, and enhancing compliance with the price cap.

OFAC previously published an [Alert on Possible Evasion of the Russian Oil Price Cap](#) on April 17, 2023.

## **NOVEMBER 2023 PRICE CAP VIOLATION ABOARD THE VESSEL *NS LEADER***

The price cap on crude oil of Russian Federation origin took effect in December 2022 with a cap set at \$60 per barrel. United Arab Emirates-based (UAE-based) **Zeenit Supply and Trading DMCC** (Zeenit) sold Russian Urals crude oil in November 2023 that was priced at over \$80 per barrel that it delivered using the vessel ***NS Leader***. The *NS Leader* (IMO9339301) used services provided by a covered U.S. person during this voyage.

Zeenit and UAE-based **Talassa Shipping DMCC** (Talassa) have engaged in shipping multiple cargos together of crude oil of Russian Federation origin using vessels that loaded in Russian ports in 2023. Zeenit and Talassa share a business manager and were founded within roughly a week of one another in July 2022.

Liberia-registered **NS Leader Shipping Incorporated** (NS Leader Shipping) is the registered owner of the *NS Leader*, which made five port calls in Russian ports in 2023. The Government

of the Russian Federation is the ultimate owner of the *NS Leader*.

UAE-based **Oil Tankers SCF Mgmt FZCO** (Oil Tankers SCF) has managed the *NS Leader* since September 2023, including during the November 2023 voyage during which the *NS Leader* carried above-cap crude oil of Russian Federation origin. U.S., United Kingdom-, and European Union-sanctioned SUN Ship Management D Ltd (SUN Ship) previously managed the *NS Leader* from April 2022 to September 2023.

Oil Tankers SCF manages oil tankers beneficially owned by the Government of the Russian Federation through Sovcomflot, a Russian state-owned shipping company subject to the prohibitions of Directive 3 under Executive Order (E.O.) 14024. Oil Tankers SCF also manages the U.S.-sanctioned vessels *Ligovsky Prospect*, *Kazan*, *NS Century*, *NS Champion*, and *Viktor Bakaev*, all of which have been involved in the export of crude oil of Russian Federation origin priced above \$60 per barrel after the price cap took effect while using services provided by a covered U.S. person.

Zeenit, Talassa, NS Leader Shipping, and Oil Tankers SCF were designated pursuant to E.O. 14024 for operating or having operated in the marine sector of the Russian Federation economy. OFAC identified the *NS Leader* as property in which NS Leader Shipping has an interest. The United Kingdom has also sanctioned Oil Tankers SCF.

## **NEW PROHIBITIONS RELATED TO RUSSIAN DIAMONDS**

Today, OFAC has also issued two determinations prohibiting the importation of certain categories of diamonds mined in Russia. First, OFAC issued a determination prohibiting the importation of on non-industrial diamonds mined or extracted in Russia, notwithstanding whether they have been substantially transformed in a third country, effective beginning on March 1, 2024 for certain categories of diamonds, and expanding on September 1, 2024 to include additional categories. Second, OFAC issued a determination prohibiting the importation of diamond jewelry and unsorted diamonds of Russian Federation origin or exported from the Russian Federation, effective March 1, 2024. These prohibitions are intended to implement the December 2023 G7 commitments to impose phased restrictions on the importation of diamonds mined or extracted in Russia. OFAC intends to issue additional public guidance regarding these determinations.

## **SANCTIONS IMPLICATIONS**

As a result of today's designation action, all property and interests in property of the persons 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, 50 percent or more by one or more blocked persons are also blocked. All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or blocked persons are prohibited unless authorized by a general or specific license issued by OFAC, or exempt. These prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person and 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](#).

[For identifying information on the entities sanctioned and vessel identified today, click here.](#)

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