

Reports

US Sanctions the Alchwiki Network, Shows How Multiple Parties Work to Serve Iran



On November 20, 2018, the US Department of Treasury sanctioned an illicit Russian-Syrian operated oil network serving Iran, dubbed the Alchwiki Network. A look at the network's operation offers insight into how similar networks function to circumvent US-led international sanctions on Iran. These networks involve countries willing to help Iran avoid the sanctions regime, public and private firms, and intermediaries, shipping firms, Iranian banks including its central bank, international banks, and Iranian-backed proxy militias. The available information collected from the Alchwiki Network suggests its operations have enabled Iran to achieve three principal goals:

- Circumvent sanctions on its oil exports
- Circumvent sanctions related on its trade with the outside world
- Operate networks to support militias and resistance fronts in the region

The table below, based on information provided by the US Treasury, shows which parties are in the blacklisted Alchwiki Network. The table also reveals the mechanisms and tactics that the network employs to help Iran circumvent sanctions.

Extracts from the US Department of Treasury's Statement on the Alchwiki Network^[1]

"Today's designations target critical actors in this scheme, including Syrian national Mohammad Amer Alchwiki (Alchwiki) and his Russia-based company, Global Vision Group. Alchwiki and his company are central to [1] the delivery of oil from Iran to Syria, and (2) the transfer of funds to the IRGC-QF's lethal proxies. Today's designations also highlight the important role that Central Bank of Iran (CBI) officials play in facilitating this scheme [...]

Using an array of mechanisms designed to obfuscate their activities, Alchwiki's Russia-based Global Vision Group coordinates with the National Iranian Oil Company (NIOC) to remit payment for oil being shipped to Syria.[...]Global Vision Group does this by working with state-owned Russian company Promsyrioimport, a subsidiary of the Russian Ministry of Energy (Minenergo), to facilitate shipments of Iranian oil from NIOC to Syria. To deliver the oil from Iran to the Syrian regime, Global Vision Group uses a number of vessels, many of which have been insured by European companies. Since at least 2014, vessels carrying Iranian oil have switched off the Automatic Identification System (AIS) onboard before delivering oil to Syria, as a means of concealing the true destination and recipient of this Iranian oil [...] To assist Syria in paying Russia for this oil, Iran sends funds to Russia through Alchwiki and Global Vision Group. To conceal its involvement in these transactions, the CBI makes these payments to Mir Business Bank using Iran-based Tadbir Kish Medical and Pharmaceutical Company (Tadbir Kish). Despite the reference to humanitarian goods in Tadbir Kish's name, the company has repeatedly been used to facilitate illicit

transfers in support of this oil scheme. Following the CBI's transfer of funds from Tadbir Kish to Global Vision Group in Russia, Global Vision Group transfers payment to Russia state-owned Promsyrimport to pay for the oil. Mir Business Bank was designated on November 5, 2018, pursuant to Executive Order (E.O.) 13224, and is a wholly-owned subsidiary of Iran's Bank Melli, which was designated for acting as conduit for payments to IRGC-QF.

CBI senior officials play a critical role in this arrangement. Rasul Sajjad, CBI's International Department Director, and Hossein Yaghoobi, CBI's Vice Governor for International Affairs, have both assisted in facilitating Alchwiki's transfers. Andrey Dogaev, First Deputy Director of Promsyrimport, has worked closely with Yaghoobi to coordinate the sale of Iranian crude to the Government of Syria.

Through this scheme, Promsyrimport, working with Global Vision Group, has exported millions of barrels of Iranian oil into Syria. This scheme has also funneled millions of dollars between the CBI and Alchwiki's Mir Business Bank account in Russia.

Senior CBI officials played a key role in this scheme, working with their counterparts in Syria and Alchwiki to facilitate transfer of foreign currency to Hizballah, and together have coordinated the transfer of millions of dollars through this network. Specifically, CBI Official, Hossein Yaghoobi, who also has a history of working with Hizballah in Lebanon, has coordinated financial transfers intended for Hizballah with the IRGC-QF and Hizballah personnel. Muhammad Qasim al-Bazzal, a Hizballah member and associate of Qasir, is being designated for his support to Hizballah.

DESIGNATION BASES AND AUTHORITIES

Mohamed Amer Alchwiki is being designated pursuant to E.O. 13582 for (1) having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of the Central Bank of Syria, an entity identified as meeting the definition of the Government of Syria, which is blocked under E.O. 13582 and (2) having acted or purported to act for or on behalf of Global Vision Group. Alchwiki is also being designated pursuant to E.O. 13224 for assisting in, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of Hizballah and IRGC-QF.

Global Vision Group is being designated pursuant to E.O. 13582 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, Syria's Baniyas Refinery Company and the Central Bank of Syria, entities identified as meeting the definition of the Government of Syria. Global Vision Group is also being designated pursuant to E.O. 13224.

Promsyrimport is being designated pursuant to E.O. 13582 for having materially assisted, sponsored, or provided financial, material, or technological support for,

or goods or services in support of the Syrian Company for Oil Transport (SCOT), an entity identified as meeting the definition of the Government of Syria, which is blocked under E.O. 13582.

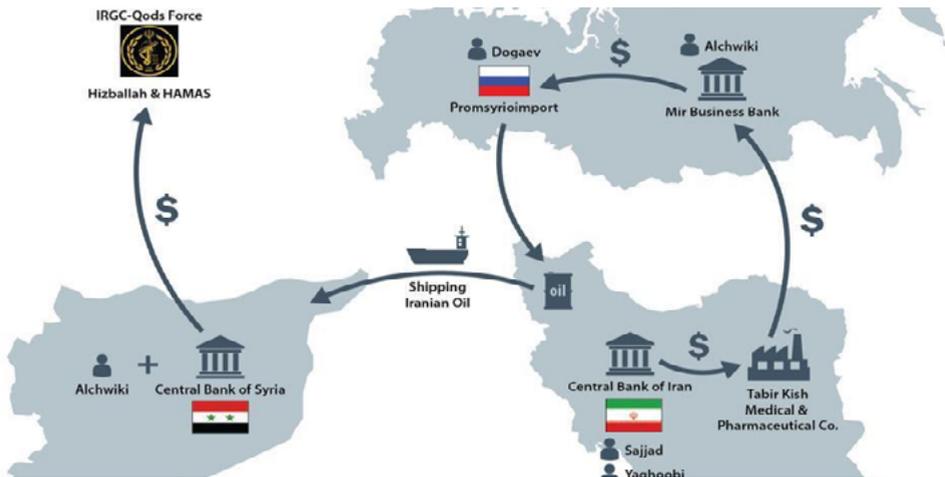
Andrey Dogaev is being designated pursuant to E.O. 13582 for having acted or purported to act, for or on behalf of directly or indirectly, Promsyrimport.

Mir Business Bank is being designated pursuant to E.O. 13582 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of Global Vision Group.

Tadbir Kish Medical and Pharmaceutical Company is being designated pursuant to E.O. 13582 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of Global Vision Group.

Rasul Sajjad and Hossein Yaghoobi are being designated pursuant to E.O. 13224 for assisting in, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of the IRGC-QF.

Muhammad Qasim al-Bazzal is being designated pursuant to E.O. 13224 for acting for or on behalf of Hizballah.”



Visual Depiction of the Alchwiki Network

Source: <http://cutt.us/pWILb>

Implications of US Targeting Groups Working with Iran

The targeting of the Alchwiki Network points to US commitment to foil Iranian attempts to circumvent the sanctions regime. Iran uses complex systems to try to evade sanctions and finance its regional interventionist projects. But the US is aiming to

coordinate the implementation of sanctions against Iran through joint efforts by the US Treasury Department and the Central Intelligence Agency (CIA). These efforts track Iranian attempts to circumvent sanctions.

The importance of tracking informal and small networks used by Iran to circumvent sanctions is important. These networks could sabotage efforts by most major firms and banks to halt trade with Iran in an effort to avoid risking their ties to US markets. The US may impose secondary sanctions in retaliation against countries and entities that violate the sanctions regime, especially against companies that also trade with the United States. The European Union's recently set-up 'Special Purpose Vehicle' aims to protect small and medium-sized European and non-European firms that do not have business activities in the United States from these secondary sanctions.

Pursuing and dismantling networks that help Iran circumvent the sanctions is in line with US policy to pressure Iran. The renewed sanctions imposed on Iran on November 4 aim to force Iran's change of behavior in the region. The US administration is now in the process of taking further steps to tighten the noose around the Iranian political system to pressure it to accept conditions that it changes its threatening regional behavior.

The first phase of renewed sanctions against Iran kicked in on May 7. By November, the sanctions began targeting Iran's energy sector, including the sale of oil, petrochemicals, and transactions with Iran's National Oil Company and other energy service providers. These sanctions aim to end Iran's material support to the Syrian government, including oil shipments to ports controlled by the Syrian government, as well as material support to terror groups that Iran also supports.

The sanctions send a strong message to Russia and to other states and entities that provide Iran with outlets to circumvent US sanctions that their companies are not immune to US tracking, embargoes and sanctions. The same message applies to shipping companies, insurance companies, and to ship owners, i.e. that there will be serious consequences if they violate US sanctions that have clauses relating to Iran's shipping sector, in accordance with the sanctions regime imposed on November 4.

The latest sanctions were preceded by other sanctions announced by the US Department of the Treasury on November 13. These sanctions targeted five members of Hezbollah, four of whom are responsible for leading the intelligence and financial activities of the Iranian regime in Iraq^[2].

Washington's priority to track the regional oil and financial activities of the Iranian regime is part and parcel of efforts to curb the movement and flow of funds to Tehran's militias and regional allies. This US policy points that the primary purpose of sanctions and pressures on Iran is to halt the subversive activities of Tehran in the conduct of

its regional foreign policy. It is no secret that in Yemen, for example, the latest US sanctions on Iran in August led to a decline in the Houthi material capabilities and set back of its territorial advancements. This has pushed the Houthis to seize money from state-controlled banks, and grab UN relief items. The Saudi-led military coalition in Yemen, aiming to support the country's legitimate government, has also been instrumental in Houthi set backs and in cutting Iran's ability to influence Yemen. It is plausible that the renewed sanctions on Iran will therefore likely shift Iran's focus away from materially supporting the Houthis. It may also prompt the Iranian regime to reduce its support to militias and other groups in the Middle East region^[3]. As a result, if sanctions succeed, they may help Washington achieve the principal goal of changing Iran's disruptive regional behavior.

Endnote

[1] "Treasury Designates Illicit Russia-Iran Oil Network Supporting the Assad Regime, Hizballah, and HAMAS," November 2018, 20, accessed on November 2018, 23, <http://cutt.us/yEZJb>

[2] مراد مراد، واشنطن: جواد نصر الله «إرهابي عالمي»، المستقبل، 14 نوفمبر 2018، وصول في 21 نوفمبر 2018. <http://cutt.us/Hkgob>

[3] محمد عبد الله، بفضل العقوبات الأمريكية على إيران.. ميليشيا "الحوثي" بانتظار أوقات عصيبة، شبكة رؤية الإخبارية، 30 أكتوبر 2018، وصول في 22 أكتوبر 2018. <http://cutt.us/7IGLD>



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