

Blocking Property of Certain Persons With Respect To North Korea

-- On August 30, 2010, President Obama issued Executive Order (E.O.) 13551 (“Blocking Property of Certain Persons with Respect to North Korea”). In issuing this Executive Order, President Obama asserted that the actions and policies of the Government of North Korea constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States.

-- E.O. 13551 targets North Korea’s continued involvement in a wide range of illicit conduct in violation of UN Security Council Resolutions (UNSCRs) 1718 and 1874 and in defiance of international norms. The E.O. directs the Secretary of the Treasury, in consultation with the Secretary of State, to target for sanctions individuals and entities facilitating North Korea’s trade in arms and related material; procurement of luxury goods; and involvement in illicit activities, including money laundering, the counterfeiting of goods and currency, bulk cash smuggling and narcotics trafficking. Additional North Korean entities have been designated under this E.O. in recent months.

-- E.O. 13551 supplements previously-existing U.S. sanctions targeting proliferators of weapons of mass destruction (WMD) and those who support them, under which several North Korean entities have been designated, and furthers implementation of the measures required in UNSCRs 1718 and 1874.

-- The U.S. government has longstanding concerns regarding North Korea’s involvement in a range of illicit activities conducted through government agencies and associated front companies. North Korea’s continued nuclear and missile proliferation activity and other illicit conduct violate UN Security Council Resolutions 1718 and 1874 and international norms and destabilize the Korean Peninsula and the region.

-- Arms proliferation: North Korea has long been engaged in the sale of conventional arms. Since the 2009 adoption of UNSCR 1874, which bans all transfers of arms and related materiel to and from North Korea, authorities in Asia, Africa, and the Middle East have seized North Korean shipments of prohibited weapons-related items.

-- Narcotics trafficking: During the past three decades, North Korean diplomats and other government officials have engaged in narcotics trafficking. Officials in Turkey, Egypt, Taiwan, and Japan have linked North Korean officials to narcotics possession, distribution, and smuggling.

-- Counterfeiting currency: The United States continues to investigate North Korea's manufacture and distribution of the highly deceptive counterfeit U.S. \$100 and \$50 bills, known as "supernote." The United States Secret Service has made definitive connections between the supernote and the government of North Korea. Since its first detection in 1989, the Secret Service has seized approximately \$63 million in supernote globally.

-- Procurement of luxury goods: UNSCR 1718 requires Member States to prohibit the direct or indirect supply, sale, or transfer to North Korea of luxury goods. North Korea's leadership uses such goods to secure the loyalty of elites and the military.

-- Deceptive financial practices: North Korea continues to engage in deceptive financial practices intended to disguise the true nature of its transactions and to evade detection by financial institutions around the world. Those practices include using government agencies and front companies to engage in WMD and missile proliferation-related and other illicit activities. These deceptive financial practices enable North Korea to continue to engage in its illicit and proliferation-related activities.

-- This new authority provides the United States with the enhanced ability to target and disrupt the financial networks that facilitate these illicit activities.

-- Three entities and one individual were designated in the Annex to E.O. 13551 on August 30, 2010:

The Reconnaissance General Bureau (RGB), North Korea's premier intelligence organization, which is involved in North Korea's conventional arms trade;
RGB commander Lieutenant General Kim Yong Chol;

Green Pine Associated Corporation, a North Korean conventional arms dealer subordinated to the control of the RGB; and Office 39 of the Korean Workers' Party, which provides critical support to North Korean leadership in part through engaging in illicit economic activities.

-- Additional information on these designated entities and individual can be found at: [<http://www.treasury.gov/press-center/press-releases/pages/tg840.aspx>]

-- On November 18, 2010, two entities were designated by the Department of the Treasury:

Korea Daesong Bank, a North Korean financial institution that is directly subordinate to Office 39 and is involved in facilitating North Korean illicit financing projects; and

Korea Daesong General Trading Corporation, also subordinate to Office 39, which is used by Office 39 for foreign transactions.

-- Additional information on these designated entities can be found at: [<http://www.treasury.gov/press-center/press-releases/pages/tg962.aspx>]

-- On February 9, 2011, the Department of the Treasury added six additional names for Green Pine to the Specially Designated Nationals List:

GREEN PINE ASSOCIATED CORPORATION

a.k.a. CHONGSONG YONHAP (preexisting)

a.k.a. CH'O'NGSONG YO'NHAP (preexisting)

a.k.a. CHO'NGSONG UNITED TRADING COMPANY

a.k.a. CHOSUN CHAWO'N KAEBAL T'UJA HOESA

a.k.a. JINDALLAE

a.k.a. KU'MHAERYONG COMPANY LTD

a.k.a. NATURAL RESOURCES DEVELOPMENT AND INVESTMENT CORPORATION

a.k.a. SAEINGP'IL COMPANY

-- Additional information on the addition of these names can be found at: [<http://www.treasury.gov/resource-center/sanctions/ofac-enforcement/pages/20110209.aspx>]

-- On April 19, 2011, the following entity was designated by the Department of the Treasury:

Bank of East Land (BOEL, A.K.A. Dongbang Bank) is a North Korean financial institution that is subordinate to North Korea's Operations Department and is involved in facilitating North Korea's illicit projects. BOEL has facilitated financial transactions for the benefit of the Green Pine Associated Corporation, a North Korean conventional arms firm, which was identified for sanctions by the President in the Annex to E.O. 13551 of August 30, 2010, for exporting arms or related materiel from North Korea. BOEL has also facilitated financial transactions for the benefit of North Korea's Reconnaissance General Bureau's (RGB) weapons program. RGB, which controls Green Pine, was also identified for sanctions in the Annex to Executive Order 13551. In 2007 and 2008, BOEL facilitated transactions involving Green Pine and designated Iranian financial institutions, including Bank Melli and Bank Sepah.

-- Additional information on the addition of this name can be found at: [<http://www.treasury.gov/press-center/press-releases/Pages/tg1146.aspx>]

-- These designations are aimed at further implementing U.S. obligations under UNSCRs 1718 and 1874, as well as protecting the U.S. financial system from financial activity associated with North Korea's proliferation and other illicit activities. We urge you to take parallel steps to isolate these entities and individuals from the international financial system to prevent further facilitation of the DPRK's proliferation and other illicit activities.

-- We hope this information is useful. We also look forward to continuing to work with you on this and other related security and counter proliferation matters, and are prepared to provide additional assistance as appropriate.