

## ISSUE BRIEF

# Global Magnitsky Sanctions: Raising the Human Rights and Anti-Corruption Bar

NOVEMBER 2018 SAMANTHA SULTOON



## Economic Sanctions Initiative

*Economic sanctions have become a policy tool-of-choice for the US government. Yet sanctions and their potential pitfalls are often misunderstood. The Economic Sanctions Initiative (ESI) seeks to build a better understanding of the role sanctions can and cannot play in advancing policy objectives and of the impact of sanctions on the private sector, which bears many of the implementation costs.*

The Atlantic Council's Global Business & Economics Program (GBE) promotes transatlantic leadership as defenders of open market democracies in a new era of great-power competition and works to find multilateral solutions to today's most pressing global economic opportunities and risks. Key challenges the program addresses include fostering broad-based economic growth, advancing understanding of the impact of economic sanctions, and defining the future shape of the rule-based trade order.

The murder of Jamal Khashoggi thrust an otherwise little-known sanctions program into the spotlight, and cast overdue attention on this important authority—the Global Magnitsky Human Rights Accountability Act (or GloMag in sanctions parlance).<sup>1</sup> The Trump Administration's November 15 decision to use the GloMag authority to designate seventeen Saudi nationals in response to Khashoggi's killing exemplified precisely what that authority was created for—it is a calibrated tool intended to target specific individuals and entities without broader negative implications.<sup>2</sup> However, the merits of GloMag should be considered far more broadly than in the shadow of the Khashoggi murder.

GloMag has the potential to help raise the bar on global human rights and anti-corruption standards, provided it continues to be used effectively and is capitalized on appropriately. This sanctions authority has far-reaching implications for international businesses, as it warrants a

- 1 Vick, Karl, "How the Murder of Jamal Khashoggi Could Upend the Middle East" Time, 18 October 2018, <http://time.com/5428159/jamal-khashoggi-murder/>
- 2 United States Department of the Treasury "Press Release: Treasury Sanctions 17 Individuals for Their Roles in the Killing of Jamal Khashoggi" US Treasury, 15 November 2018. <https://home.treasury.gov/news/press-releases/sm547>



Jamal Khashoggi, Saudi Journalist, Global Opinions columnist for the Washington Post, and former editor-in-chief of Al-Arab News Channel offers remarks during Project on Middle East Democracy's (POMED) "Mohammad bin Salman's Saudi Arabia: A Deeper Look" on March 21, 2018 in Washington DC.

paradigm shift in their risk calculations. GloMag sanctions create the need for businesses to shift to a proactive corporate risk and due diligence strategy that takes into account both human rights and corruption

issues. For allies, partners, and the array of international human rights groups seeking to raise awareness of human rights violations and corruption, this sanctions authority creates an opportunity for partnership and multilateral sanctions actions.

### What is the Global Magnitsky Sanctions Authority?

In late December 2016, Congress passed the Global Magnitsky Human Rights Accountability Act to limited fanfare.<sup>3</sup> This was the second law named for Russian whistleblower Sergei Magnitsky, who died while in Russian prison after being tortured and denied medical care.<sup>4</sup> The newer law builds upon the original Magnitsky Act (The Sergei Magnitsky Rule of Law Accountability Act of 2012) by expanding the scope of the authority for economic sanctions and visa bans related to human rights abuse and corruption to global actors.<sup>5</sup> This is a significant broadening since the original Magnitsky act was focused solely on Russia.

The Global Magnitsky legislation was signed into law in 2016. However, it was not used until one year later when the Trump Administration built on this legislation to launch a new sanctions regime targeting human rights abusers and corrupt actors globally through Executive Order (E.O.) 13818 "Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption."<sup>6</sup> To improve upon Congress' laudable intentions, the sanctions technocrats in the executive branch drafted E.O. 13818 to include broadened criteria for designation to more fully and flexibly target the human rights abuse and corruption policy concerns, and updated definitions beyond those used by Congress in the legislation. Unlike under most other economic sanctions programs, this new E.O. does not require the declaration of a national emergency with respect to a specific country, thereby allowing for more cal-

3 "National Defense Authorization Act for Fiscal Year 2017" Public Law 114-328. 130 STAT. 2000 (2016). <https://www.congress.gov/bill/114th-congress/senate-bill/2943/text>

4 Lally, Kathy, "U.N.-Appointed Human Rights Experts to Probe Death of Russian Lawyer Magnitsky" Washington Post Foreign Service, 20 January 2011. <http://www.washingtonpost.com/wp-dyn/content/article/2011/01/20/AR2011012003237.html?nav=emailpage>

5 "Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012" Public Law 112-208. 126 STAT. 1496 (2012). <https://www.congress.gov/bill/112th-congress/house-bill/6156/text?q=%257B%2522search%2522%253A%255B%2522sergei+magnitsky+rule+of+law+accountability+act%2522%255D%257D&r=3>

6 Global Magnitsky Human Rights Accountability Act", Public Law 114-328, Subtitle F) 130 Stat.2533 (2016). [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/glomag\\_pl\\_114-328.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/glomag_pl_114-328.pdf) ; United States Department of the Treasury, "Press Release: United States Sanctions Human Rights Abusers and Corrupt Actors Across the Globe" US Treasury, 21 December 2017. <https://home.treasury.gov/news/press-releases/sm0243> ; Exec. Order No. 13818, 3 C.F.R. 1 (2017). [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/glomag\\_eo.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/glomag_eo.pdf)

“International businesses would do well to adjust their corporate risk and due diligence practices to take human rights and kleptocracy issues into account.”

ibrated—and perhaps more politically palatable—sanctions. In fact, it is due to the dynamic nature of this E.O. that the US Treasury Department’s Office of Foreign Assets Control (OFAC) has been able to designate more than 100 individuals and entities pursuant to the GloMag authority in less than one year. While the malign activity of these targets was sufficiently abhorrent to warrant targeted sanctions, in many cases the United States continues to maintain diplomatic, economic, security, or other relationships with the host nations where these targets are located.

The targeted nature of the GloMag sanctions authority renders it dynamic enough to impact the individuals and entities involved in human rights abuse and corruption without disproportionately impacting foreign governments, allies, or their domestic populations. For example, given the need for continued cooperation with the Saudi government on counter-terrorism, oil

production, and a host of other sensitive issues, GloMag was a strategic tool to use as part of a response to the Khashoggi murder.<sup>7</sup>

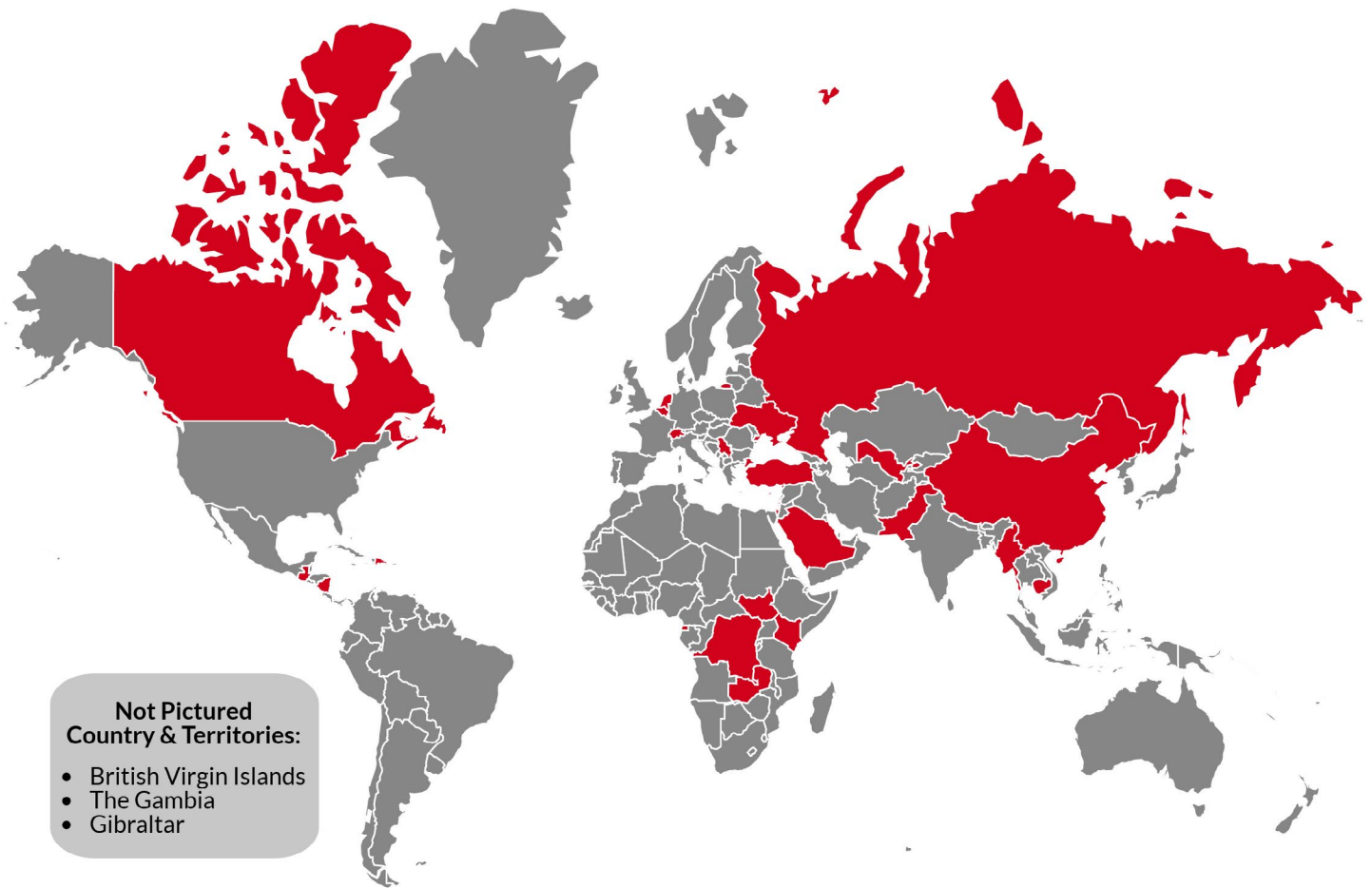
Since the issuance of E.O. 13818, Congress has increasingly called on the Trump Administration to use GloMag sanctions. In response to the Khashoggi murder, a bipartisan group of senators called on the Trump Administration to apply the GloMag authority on the culprits.<sup>8</sup> However, there is seemingly less support among Congress for halting the \$110-billion arms package to Saudi Arabia or the suspension of negotiations with Saudi Arabia on a nuclear technology sharing agreement, neither of which President Trump has indicated any interest in stopping.<sup>9</sup> Members of Congress have also called on the administration to use GloMag sanctions in response to the atrocities in Nicaragua, Burma, and China, among others.<sup>10</sup> While the Trump Administration may take feedback from Congress into account when considering potential additional GloMag targets, the decision-making authority as it pertains to any GloMag sanctions action rests with the executive – and not the legislative – branch.<sup>11</sup> Since the technical sanctions expertise lies with OFAC, this structure is prudent.

### Business Implications: Shifting the Sanctions Risk Paradigm

Given the broad designation criteria under GloMag, international businesses would do well to adjust their corporate risk and due diligence practices to take human rights and kleptocracy issues into account. Businesses have historically taken a reactive stance regarding indi-

- 7 Kheel, Rebecca, “US to Revoke Visas for Saudi Officials Over Khashoggi Killing” The Hill, 23 October 2018. <https://thehill.com/homenews/administration/412819-us-to-revoke-visas-for-saudi-officials-over-khashoggi-killing>
- 8 Chairman’s Press, “Corker, Menendez, Graham, Leahy Letter Triggers Global Magitsky Act Investigation into Disappearance of Jamal Khashoggi” United States Senate Committee on Foreign Relations, 10 October 2018. <https://www.foreign.senate.gov/press/chair/release/corker-menendez-graham-leahy-letter-triggers-global-magnitsky-investigation-into-disappearance-of-jamal-khashoggi>
- 9 Hayes, Christal, “Trump Doesn’t Want to Stop Arms Sales Deal with Saudi Arabia Over Missing Journalist” USA Today, 13 October 2018. <https://www.usatoday.com/story/news/world/2018/10/13/jamal-khashoggi-trump-saudi-arms-deal/1630693002/> and Mohsin, Saleha, “Trump Says He’s Forming ‘Very Strong Opinion’ on Khashoggi Death” Bloomberg, 7 November 2018. <https://www.bloomberg.com/news/articles/2018-11-07/trump-says-he-s-forming-very-strong-opinion-on-khashoggi-death>
- 10 Congress of the United States to the President of the United States, 24 August 2018. <https://ros-lehtinen.house.gov/sites/ros-lehtinen.house.gov/files/08.24.18%20-%20Nicaragua%20Global%20Magnitsky%20Letter%20to%20POTUS.PDF>; Burma Unified through Rigorous Military Accountability Act of 2018, H.R. 5819, 115th Cong.(2018) <https://www.congress.gov/bill/115th-congress/house-bill/5819/text>; Tiezzi, Shannon, “US Congress Members Want Sanctions on China Over Xinjiang Crackdown” The Diplomat, 20 August 2018. <https://thediplomat.com/2018/08/us-congress-members-want-sanctions-on-china-over-xinjiang-crackdown>; and “Press Release: Chairs Urge Robust Use of Global Magnitsky Tools to Punish Human Rights Violators in China” Congressional- Executive Commission on China, 29 November 2017. <https://www.cecc.gov/media-center/press-releases/chairs-urge-robust-use-of-global-magnitsky-tools-to-punish-human-rights>
- 11 Office of the Press Secretary, “Statement by the President on Signing the National Defense Authorization Act for Fiscal Year 2017” The White House of President Barack Obama, 23 December 2016. <https://obamawhitehouse.archives.gov/the-press-office/2016/12/23/statement-president-signing-national-defense-authorization-act-fiscal>

## Leaving a Global Mark: Location of Targets Designated under GloMag



Map depiction accurate as of publication.

\* The two Turkish individuals that were designated pursuant to the Global Magnitsky sanctions authority in August were delisted on 2 November 2018.



An advanced industrial copper mine in the Democratic Republic of the Congo. *Photo provide by Fairphone.*

vidual, list-based sanctions that are similar in structure to GloMag, as the regulatory requirements to freeze accounts and cease business with sanctioned targets only take effect once a name is added to a list. This approach is insufficient in the GloMag context. Instead, businesses should take a proactive approach to avoid the risk of future entanglements or violations.

For example, the inaugural GloMag sanctions included international businessman and billionaire Dan Gertler for his corrupt business practices. Gertler amassed an extensive fortune through corrupt mining and oil deals in the Democratic Republic of the Congo (DRC) worth hundreds of millions of dollars, in large part due to his close friendship with DRC President Joseph Kabila.<sup>12</sup> The people of the DRC lost more than \$1.36 billion in revenue from the underpricing of mining assets that were sold to Gertler's offshore companies.<sup>13</sup> Those same deals contributed substantially to the International Monetary Fund's decision to withhold a

\$225 million loan disbursement to the DRC government.<sup>14</sup> They did not, however, dissuade companies such as US hedge fund Och-Ziff, Anglo-Swiss multinational commodity trader Glencore, or South African miner Randgold from doing business with Gertler.<sup>15</sup>

The December 2017 sanctions on Gertler put those business decisions in sharp contrast. By that point, Glencore owed Gertler nearly \$200 million in royalties over the next two years, but GloMag sanctions on Gertler made such payments difficult to execute, and could put Glencore at risk of being sanctioned itself for its dealings with Gertler.<sup>16</sup> Glencore has reportedly been cautiously seeking to make the outstanding payments in other currencies, but faces great risk even if it does.<sup>17</sup> Because the US dollar is the main currency used in the DRC and in the global raw materials trade, the sanctions will likely add transactions costs as well as risks. Randgold has reportedly taken a more cautious approach than Glencore and is seeking to cut ties with

12 United States Department of the Treasury, "United States Sanctions Human Rights Abusers and Corrupt Actors Across the Globe," 21 December 2017. <https://home.treasury.gov/news/press-releases/sm0243>

13 United States Department of the Treasury, "Press Release: United States Sanctions Human Rights Abusers and Corrupt Actors Across the Globe" US Treasury, 21 December 2017. <https://home.treasury.gov/news/press-releases/sm0243>

14 Wild, Fraz, Micheal Kavanagh, and Jonathan Ferziger, "Dan Gertler Earns Billions as Mine Deals Fail to Enrich Congo" Washington Post, 29 December 2012. [https://www.washingtonpost.com/business/dan-gertler-earns-billions-as-mine-deals-fail-to-enrich-congo/2012/12/27/c37d0100-4e31-11e2-8b49-64675006147f\\_story.html?utm\\_term=.817f46975ce7](https://www.washingtonpost.com/business/dan-gertler-earns-billions-as-mine-deals-fail-to-enrich-congo/2012/12/27/c37d0100-4e31-11e2-8b49-64675006147f_story.html?utm_term=.817f46975ce7)

15 "Gertler Received and Distributed Millions in Bribes in Connection to DRC Mining Deals, Court Papers Allege" Global Witness, 10 August 2018. <https://www.globalwitness.org/en/blog/gertler-received-and-distributed-millions-bribes-connection-drc-mining-deals-court-papers-allege/> and Doherty, Ben. "Everything You Need to Know About Glencore, Dan Gertler and Their Interest in DRC" The Guardian., 5 November 2017. <https://www.theguardian.com/business/2017/nov/05/what-is-glencore-who-is-dan-gertler-drc-mining>

16 "The Global Magnitsky Effect" Resource Matters, February 2018. <https://resourcematters.org/wp-content/uploads/2018/02/Resource-Matters-Magnitsky-in-Congo-Impact-of-Gertler-sanctions-16-Feb-2018-FINAL.pdf>

17 Lewis, Barbara, "Glencore Settles with Gertler Over Congo Royalties" Reuters, 15 June 2018. <https://www.reuters.com/article/us-glencore-congo/glencore-settles-with-gertler-over-congo-royalties-idUSKBNIJBOJM>

Gertler.<sup>18</sup> This will surely hurt Randgold's investments in the projects and may dampen future revenues.

There are a few key takeaways from the Gertler sanctions, and other designations made pursuant to the GloMag authority. First, international businesses need to proactively investigate their partners and clients, and can no longer assume that corrupt businessmen close to ruling governments can operate with impunity. Businesses should proactively adopt due diligence standards to better research how prospective partners or clients amassed their status and/or fortune, and in what type of business practices they previously engaged. Accusations of untoward behavior cannot be discounted based on potential revenue or other benefits from a contract.

Second, beyond the prospective direct partner, businesses should consider the partner's network in any business calculation. Due to OFAC's 50 percent rule, any company owned 50 percent or more by a designated individual or entity, such as Gertler, is also considered blocked irrespective of whether the company is specifically included on OFAC's Specially Designated Nationals and Blocked Persons (SDN) List.<sup>19</sup> As such, a transparent understanding of a company's ownership structure should be a requirement prior to any investment or purchase. Anyone who continues business with an SDN, like Gertler, despite sanctions risks being the subject of an OFAC enforcement investigation or sanctioned themselves. As the Gertler sanctions illustrate, the United States may use the GloMag sanctions tool at any time with immediate repercussions, including significant reputational risk.

Finally, corruption internationally should concern reputable US and global businesses before it directly affects them. While sanctions on Dan Gertler, and now thirty-three companies and one associate, may seem

entirely detached from the West, the cobalt, gold, iron ore, and copper that Gertler's companies mine are not.<sup>20</sup> For example, demand for cobalt is surging, due to growing global interest in electric vehicles and increasing government restrictions on pollution and engine standards, particularly in Europe. To accommodate this growing demand, Gertler's companies invested in the mining infrastructure in the DRC, which holds the world's largest cobalt resources. The overwhelming reliance on the DRC exposes the entire cobalt supply chain to disruption, according to energy consultancy Wood Mackenzie.<sup>21</sup> This disruption may reverberate back across the Atlantic Ocean to impact the price of new electric vehicles and batteries in the United States. If the reputational risk of supporting corruption does not increase businesses' attention to this issue, the potential financial costs and supply chain disruptions should.

While reputable international companies were likely engaging in basic due diligence prior to the introduction of GloMag sanctions, this sanctions authority should prompt a significantly higher bar by which prospective business deals and client relationships are measured. The cost of such increased due diligence is certainly less than that of the economic and reputational impacts of GloMag sanctions.

### Expanding the Impact

It is ironic that an administration that chose to withdraw from the United Nations Human Rights Council (UNHCR) and has sharply criticized the International Criminal Court (ICC) is trumpeting human rights in the GloMag context.<sup>22</sup> The Trump Administration's use of GloMag to advocate for human rights and the need to root out corruption, even if it is entirely on US terms, has made GloMag sanctions an increasingly attractive tool. In fact, some of the same human rights organizations

18 Wilson, Tom, "Randgold Moves to Cut Ties With Dan Gertler After U.S. Sanctions" Bloomberg, 5 February 2018. <https://www.bloomberg.com/news/articles/2018-02-05/randgold-moves-to-cut-ties-with-dan-gertler-after-u-s-sanctions>

19 United States Department of the Treasury, "OFAC FAQ: Entities Owned by Persons Whose Property and Interest in Property are Blocked (50% Rule)" US Treasury, [https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq\\_general.aspx#50\\_percent](https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_general.aspx#50_percent)

20 See Washington Post, [https://www.washingtonpost.com/business/dan-gertler-earns-billions-as-mine-deals-fail-to-enrich-congo/2012/12/27/c37d0100-4e31-11e2-8b49-64675006147f\\_story.html?utm\\_term=.817f46975ce7](https://www.washingtonpost.com/business/dan-gertler-earns-billions-as-mine-deals-fail-to-enrich-congo/2012/12/27/c37d0100-4e31-11e2-8b49-64675006147f_story.html?utm_term=.817f46975ce7) and United States Department of the Treasury "Treasury Sanctions Fourteen Entities Affiliated with Corrupt Businessman Dan Gertler Under Global Magnitsky" US Treasury, 15 June 2018. <https://home.treasury.gov/news/press-releases/sm0417>

21 Montgomery, Gavin, "The Rise of Electric Vehicles and the Cobalt Conundrum" Wood Mackenzie, 25 September 2018. <https://www.woodmac.com/news/editorial/the-cobalt-conundrum/>

22 Owen Bowcott, Oliver Holmes, and Erin Durkin, "John Bolton Threatens War Crimes Court with Sanctions in Virulent Attack" The Guardian, 10 September 2018. <https://www.theguardian.com/us-news/2018/sep/10/john-bolton-castigate-icc-washington-speech>

that criticized the administration for its UNHCR withdrawal are advocating for the use of GloMag sanctions.<sup>23</sup>

On the diplomatic side, the GloMag authority presents an opportunity for allies to take bilateral actions against targets involved in human rights abuse or corruption. In fact, in February the Canadian government followed the US lead and imposed sanctions on Burmese military leader Maung Maung Soe for his role in the atrocities against the Rohingya in Burma.<sup>24</sup> (Maung Maung Soe was designated by the United States in the inaugural GloMag designations in December 2017.<sup>25</sup>) The European Union followed suit in June and expanded the sanctions to include six additional targets, most of whom were also designated by the United States under the GloMag authority a few weeks later.<sup>26</sup> These coordinated actions magnified the plight on the Rohingya far more effectively than a unilateral measure could.

While a number of other OFAC-administered sanctions programs—such as the Iran and Russia programs—carry significant political sensitivities with allies, combatting human rights abuse and corruption are two areas of general policy consensus. That consensus is even stronger when the focus is on human rights abuse alone; this is one area of sanctions policy in which US allies and partners can generally identify shared objectives and agree on targets. It is ripe for replication in allies' domestic legislation, particularly in countries like Australia, Japan, and New Zealand, as well as within the European Union and across Europe. (The Canadian government already has the Justice for Victims of Corrupt Foreign Officials Act, which is a good first

step.<sup>27</sup>) Creating a global human rights sanctions authority would allow for bilateral and multilateral sanctions actions that would strengthen the impact of any GloMag sanctions.

International nongovernmental organizations (NGOs) and human rights groups are also helping to magnify the impact of GloMag sanctions. A group of more than twenty NGOs joined together to streamline submissions for consideration by OFAC under the GloMag authority.<sup>28</sup> Additional NGOs continue to individually submit suggested names and supporting information.<sup>29</sup> The partnership with the NGOs, many of which are on the ground in places around the world that are ripe for a US government response or engagement, provides the US government with an additional source of reporting on potentially sanctionable activity. Thus far, the administration appears to be using this information and its international partnerships to bolster the GloMag authority with consequential actions.

### Maintaining the Meaningful Balance

GloMag sanctions stand to be a powerful sanctions tool, provided the tool continues to be wielded in a thoughtful and effective manner. A few considerations will help maintain the integrity and value of the GloMag authority, namely:

- ◆ **Maintain the global footprint.** The first tranche of GloMag sanctions reflected the global challenge of human rights abuse and corruption. The subsequent designations have generally maintained this

23 "NGOs Identify Human Rights Abusers, Corrupt Actors for Sanctions Under US Bill" Human Rights First, 13 September 2017. <https://www.humanrightsfirst.org/press-release/ngos-identify-human-rights-abusers-corrupt-actors-sanctions-under-us-bill>

24 Sevunts, Levon, "Canada Imposes Sanctions on Myanmar General Over Rohingya Abuses" CBC, 16 February 2018. <https://www.cbc.ca/news/politics/myanmar-general-sanctions-canada-1.4539003>

25 United States Department of the Treasury, "United States Sanctions Human Rights Abusers and Corrupt Actors Across the Globe" US Treasury, 21 December 2017. <https://home.treasury.gov/news/press-releases/sm0243>

26 Press Office General Secretariat of the Council, "Myanmar/Burma: EU Sanctions 7 Senior Military, Border Guard and Police Officials Responsible For or Associated With Serious Human Rights Violations Against Rohingya Population" Council of the EU, 25 June 2018. <https://www.consilium.europa.eu/en/press/press-releases/2018/06/25/myanmar-burma-eu-sanctions-7-senior-military-border-guard-and-police-officials-responsible-for-or-associated-with-serious-human-rights-violations-against-rohingya-population/pdf> and United States Department of the Treasury, "Treasury Sanctions Commanders and Units of the Burmese Security Forces for Serious Human Rights Abuses" US Treasury, 17 August 2018. <https://home.treasury.gov/news/press-releases/sm460>

27 Government of Canada, "Canada Imposes Targeted Sanctions in Response to Human Rights Violations in Myanmar" Global Affairs Canada, 16 February 2018. [https://www.canada.ca/en/global-affairs/news/2018/02/canada\\_imposes\\_targetedsanctionsinresponsetohumanrightsviolation.html](https://www.canada.ca/en/global-affairs/news/2018/02/canada_imposes_targetedsanctionsinresponsetohumanrightsviolation.html)

28 Alexandra Oliviera and Alison Spann, "Human Rights Groups Withdraw Government Complaint Against Ukrainian Oligarch After its Accuracy is Challenged" The Hill, 21 December 2017. <https://thehill.com/365943-human-rights-groups-withdraw-government-complaint-against-russian-oligarch-after-its-accuracy>

29 Lysove, Ekaterina, "Private Sector Participation in the Global Magnitsky Act" Center for International Private Enterprise, 16 May 2018. <https://www.cipe.org/blog/2018/05/16/private-sector-participation-in-the-global-magnitsky-act/>

global scope. A shift toward one country or region risks undermining the global nature of the authority and minimizing the deterrent effect previous designations have had, particularly in any underrepresented regions.

- ◆ **Use as part of a broader policy strategy.** Sanctions are a favored tool of the Trump Administration, but they cannot be the only tool used. A broader, whole-of-government strategy that includes GloMag sanctions is most likely to achieve policy objectives. Relying on GloMag sanctions to deliver too much will render the tool more likely to achieve less.
- ◆ **Do not overuse the tool.** GloMag sanctions are not the only tool in the US government's toolbox to combat human rights abuse and corruption, and are unlikely to be the most appropriate tool for every scenario.<sup>30</sup> The thoughtful, calibrated application of GloMag sanctions will avoid overuse and mitigate against ineffective use. The bar for sanctions targets must continue to be held high with each target thoughtfully chosen to avoid perceived bias toward a specific group.
- ◆ **Support compliance.** Sanctions are only as effective as their implementation and compliance. Increasing efforts to ensure that both US and international companies respect the GloMag sanctions will make the tool that much more effective.
- ◆ **GloMag sanctions should not be a replacement for a targeted sanctions program.** When the situation in a specific country warrants a targeted response, a country-specific sanctions program should be considered. In addition to the GloMag authority, at least a dozen other OFAC sanctions programs include designation criteria for human rights abuse,

corruption, or both.<sup>31</sup> These country-specific authorities are tailored to the situation in the country, both in policy messaging and in additional criteria for designation. The GloMag authority is robust, but its stature will decline if it becomes the default replacement for a thoughtful country-specific program.

- ◆ **Stay responsive.** To its credit, following the release of US pastor Andrew Brunson from detention in Turkey, OFAC delisted the two members of the Turkish cabinet who were sanctioned under GloMag authorities for their role in his detention.<sup>32</sup> In order for GloMag sanctions to incentivize behavioral change, timely delistings must continue when appropriate.

## Conclusion

The increased attention to the GloMag sanctions authority as a strategic tool for responding to the Khashoggi murder is timely. This targeted authority arms the Trump Administration with a calibrated tool to respond to complex political situations, such as the current situation with Saudi Arabia, provided sufficient evidence is available. The evidentiary threshold for GloMag sanctions – as with all other OFAC-administered sanctions – demands that corroborated evidence be available to support any action. Fortunately, with increased coordination with allies, partners, and NGOs, there is increasing supplemental evidence available to support worthwhile GloMag actions.

While the threat of GloMag sanctions exists, international businesses should adjust their risk calculus accordingly. As allies, partners, and NGOs increasingly draw on this authority, the tolerance for serious human rights abuse and corruption will hopefully decline in parallel.

30 United States Department of the Treasury, "Glossary" Financial Crimes Enforcement Network. [https://www.fincen.gov/sites/default/files/advisory/2018-07-03/PEP%2520Facilitator%2520Advisory\\_FINAL%2520508%2520updated.pdf](https://www.fincen.gov/sites/default/files/advisory/2018-07-03/PEP%2520Facilitator%2520Advisory_FINAL%2520508%2520updated.pdf)

31 National Archives, "Global Magnitsky Act Human Rights Accountability Act Report" Federal Register, 20 June 2017. <https://www.federalregister.gov/documents/2017/06/20/2017-12791/global-magnitsky-human-rights-accountability-act-report>

32 United States Department of the Treasury, "Global Magnitsky Designations Removals" Office of Foreign Assets Control, 2 November 2018. <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20181102.aspx> and United States Department of the Treasury, "Treasury Sanctions Turkish Officials with Leading Roles in Unjust Detention of U.S. Pastor Andrew Brunson" US Treasury, 1 August 2018. <https://home.treasury.gov/news/press-releases/sm453>



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